

Anwar, Defiant, Denies Guilt At Hearing

After 9 Days in Jail, Malaysia's Former No. 2 Has Marks of a Beating

By Keith Richburg
Washington Post Service

KUALA LUMPUR — A badly bruised Anwar Ibrahim, the ousted deputy prime minister and finance minister who has become a focal point for political dissent, appeared Tuesday in court after nine days in detention, defiant but showing the visible marks of a severe police beating.

He pleaded not guilty to nine charges of corruption and sexual misconduct, even as the government's case against him showed signs of unraveling.

Mr. Anwar was taken back to prison immediately after the hearing, during which the charges against him were formally read out. To each count, including four charges that he had engaged in sodomy, Mr. Anwar — his left eye blackened and his arm badly bruised — replied: "Not guilty, I claim trial."

No bail was set, and prosecutors said an additional sodomy charge would be lodged Wednesday in a different court.

No sooner were the charges against Mr. Anwar read than the government's case against him began to collapse. Two of the men Mr. Anwar is charged with having sex with — both of whom confessed and who received six-month jail terms — retracted their confessions Tuesday and appealed their convictions. Their lawyer said the confessions "were not voluntary."

The evidence of Mr. Anwar's mistreatment in police custody — including the black eye that has impaired his vision and affected his balance — will be likely to raise further the political tempest here, several analysts said.

The day's events now directly challenge the credibility of Prime Minister Mahathir bin Mohamad, who is also the home affairs minister and ultimately responsible for the treatment of a high-profile prisoner like Mr. Anwar. Mr. Mahathir had assured reporters that his former deputy was being well treated and that the case against him would be proven in court.

Since Mr. Anwar's firing on Sept. 2, Malaysia, once considered among the most stable countries in the region, has been rocked by an anti-government protest movement demanding political reform and an end to Mr. Mahathir's 17-year autocratic rule.

For Mr. Mahathir to end the growing unrest, analysts said it was critical for the government to present quickly a credible case against Mr. Anwar that would justify his removal, and to hold a judicial proceeding that would at least have the appearance of fairness.

But Tuesday, the case against Mr. Anwar seemed to be degenerating into farce.

"This is ridiculous," said a longtime Anwar associate. He said some of the charges read out in court were vague, or lacking specific dates, suggesting that the case was prepared in a hurry to placate the crowds on the streets. Some earlier allegations that Mr. Mahathir had levied at his deputy, involving sex with female prostitutes, were not mentioned in the court charges.

"They had to charge him," the Anwar associate said, "the momentum was growing. And the international pressure was growing. Mahathir was becoming a pariah in the world." He added, "Breaking up a former deputy prime minister is not exactly what we think of as the Malaysian way of doing things."

But whether people react with more or larger street protests, he said, "depends on how it is reported locally. They might not even report that he was beaten."

"I don't think people are shocked by



Anwar Ibrahim, the jailed Malaysian deputy prime minister, being ushered into a police vehicle Tuesday after his court appearance.

A Slim Cut in U.S. Rates

Fed Acts to 'Cushion the Effects' of Global Crisis

By Mitchell Martin
International Herald Tribune

NEW YORK — The U.S. Federal Reserve Board moved to reduce short-term interest rates Tuesday, seeking to give a spark to the slumping international economy.

The central bank cut the target rate for the federal funds rate, the rate banks charge each other for overnight loans, by one-quarter percentage point, to around 5.25 percent.

The reduction, the first in nearly three years, was smaller than some analysts had expected. Nonetheless, it was an acknowledgment that events unfolding far from America's shores were beginning to threaten the United States.

"The action was taken to cushion the effects on prospective economic growth in the United States of increasing weakness in foreign economies and of less accommodative financial conditions domestically," the Fed said.

"The recent changes in the global economy and adjustments in U.S. financial markets mean that a slightly lower federal funds rate should now be

longer needed to do so," said Sam Kahan, an economist who runs his own firm, A.S.K. Financial Research in Chicago.

But in a reflection of possible disappointment among investors that rates had not been cut further, stock prices dropped after the Fed's move was announced. The Dow Jones industrial average closed down 28.32 points, at 8,080.52, though the broader Standard & Poor's 500 stock index recovered late to end up 0.32 point at 1,049.01.

Interest-rate reductions often exert upward pressure on stock prices by reducing yields available on fixed-income investments such as bonds and bank accounts as well as lowering borrowing costs for companies.

But the real beneficiaries of Tuesday's move may be foreign borrowers such as Brazil, whose dollar-denominated debt burdens might now be lightened.

"There is a very good reason why the Fed needs to cut rates again and again," said Nancy Kimelman, chief economist for Thomson Global Markets in Boston, "and that is to weaken the dollar."

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The Dollar		
	Tuesday 8:45 P.M.	previous close
DM	1.6748	1.6762
Yen	134.8	136.12
FF	5.6146	5.6203
Pound	1.7085	1.7063
Dollars per pound		

The Dow		
	Tuesday close	percent change
28.32	8,080.52	-0.35%
S&P 500		
+0.32	1,049.01	+0.03%
Nasdaq		
-5.14	1,734.07	-0.30%

consistent with keeping inflation low and sustaining economic growth going forward.

Analysts said further rate reductions were likely if new threats to the U.S. economy appeared. "The main-line scenario is that the Fed is easing now and will continue to ease until it no

longer needs to do so," said Sam Kahan, an economist who runs his own firm, A.S.K. Financial Research in Chicago.

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G-7 Spars Over Reshaping of Financial System

By Alan Friedman
International Herald Tribune

WASHINGTON — With just days to go before the start of the annual meetings of the World Bank and International Monetary Fund, the world's leading industrial powers have reached conflicting conclusions over how to reshape the international financial system to cope more effectively with the strains imposed by the global economic crisis.

Against a backdrop of growing pessimism about global economic prospects, international financial officials in Washington are predicting that the wealthy Group of Seven nations will make bold statements but are unlikely to agree on any defin-

itive course of action when they meet on Saturday. The most likely outcome will be little more than a restatement of the G-7's rather generic plan to strengthen the world financial system, push for more transparency and disclosure and seek to ensure that private sector creditors share in losses resulting from the crisis.

In order to save face, the G-7 will also probably promise to further study various proposals, some of which conflict sharply with traditional G-7 free-market practices.

Among the ideas being discussed are the following:

• A proposal from France to transform an advisory body of the IMF, the so-called Interim Committee,

into an executive council with unprecedented political clout. The French plan also includes the suggestion that other regions of the world should imitate Europe's single currency bloc as a way of ensuring stable exchange rates worldwide.

• A proposal from Gerhard Schroeder, Germany's chancellor-elect, to try to ensure stability by setting target zones for the world's main currencies.

• A Japanese proposal to allow emerging market economies to impose temporary capital controls and fixed exchange rates in order to prevent capital flight in times of crisis.

• A proposal from Prime Minister Tony Blair of

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World Bank Rewrites the Prescription for Asia

By Alan Friedman
International Herald Tribune

WASHINGTON — The World Bank on Tuesday urged the governments of crisis-stricken East Asia to further reduce interest rates and increase deficit spending to pull the region's economies out of recession.

Taking a position that is contrary to the International Monetary Fund's original prescriptions for the region, a World Bank report on the Asian financial crisis said interest rates in crisis economies

should be allowed to fall further to spur growth.

The report — titled "East Asia: The Road to Recovery" — also suggested that partnership of international financial institutions, governments and private sector creditors should find ways to inject new capital into the region. If the international community were to mobilize \$10 billion, that could finance a stimulus of 1 percentage point in the economic growth rates of Thailand, Indonesia, Malaysia and South Korea, the report said.

The World Bank's recipes run counter to the strict initial demands of the IMF, which put together multi-

billion-dollar bailouts last year for Indonesia, South Korea and Thailand, the countries hit hardest by the crisis.

The IMF initially told troubled Asian governments to raise interest rates and run budget surpluses as a condition for receiving the bailout funds. But the IMF has been forced by political and social unrest to relax these demands in recent months.

The World Bank report said lower interest rates might help improve creditworthiness and reduce

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Arafat, Meeting Clinton, Agrees to West Bank Idea

By Brian Knowlton
International Herald Tribune

WASHINGTON — The Palestinian leader, Yasser Arafat, said Monday that he had agreed to a proposal under which Israel would return an additional 13 percent of the West Bank, raising prospects for an interim Middle East peace agreement.

Mr. Arafat, speaking after an hour-long meeting with President Bill Clinton, said he hoped that an agreement could be concluded next month when he and Prime Minister Benjamin Netanyahu of Israel came to the United States for what might be days of intensive negotiations somewhere in the Washington area.

"Peace is a Palestinian need, Israeli need, Arab need, international need," Mr. Arafat said on the White House lawn after Mr. Clinton accompanied him from the building.

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Aid Agency Pulls Out of North Korea

Doctors Without Borders Fears That Food Sent for Children Is Misused

By John Pomfret
Washington Post Service

BEIJING — The largest international charity operating in North Korea announced Tuesday that it was pulling out

The officials said they had obtained evidence that orphaned and homeless children had been collected in centers, known as "9-27 camps," named after the day last year that the North Korean leader, Kim Jong Il, ordered the establishment of the centers to "normalize" the country.

Conditions at those camps are believed to be horrible, the officials said, citing interviews with refugees from such centers who escaped into China.

"We are sorry to be forced to pull out when there are serious medical, nutritional and sanitation problems which need to be addressed," said Eric Goemaere, director general of the organization. "The new policy of 'normalization' has nothing to do with the reality of life in North Korea and will cost the lives of thousands."

In early August, the Paris-based Doctors of the World left North Korea for similar reasons.

Officials of Doctors Without Borders said they were concerned that the North Korean government was adopting a double standard — feeding children who came from families loyal to the regime and neglecting those children who did not.

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President Clinton saying farewell Tuesday at the White House to Yasser Arafat after they had discussed ways to break a Mideast deadlock.

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AGENDA

Atomic Agency Warns Iraq on Inspections

VIENNA (AP) — The head of the International Atomic Energy Agency, the nuclear watchdog body, said Tuesday that concern was growing over Iraq's refusal to cooperate with its inspectors, stressing that the current situation was "unsatisfactory."

China Ready to Sign Civil Rights Covenant

WASHINGTON (Reuters) — China will sign a UN covenant on civil and political rights in New York next Monday, Secretary of State Madeleine Albright said Tuesday. It had promised in March that it would sign the pact but had not until now given a precise date, U.S. officials said.

The Chinese foreign minister, Tang Jiaxuan, gave the date at a meeting earlier Tuesday with President Bill Clinton, Mrs. Albright said.

The agency chief, Mohammed Baradei, said that he hoped progress could be made "as soon as possible" but warned that noncooperation was only harming Baghdad's chances of having sanctions lifted.

"The longer this lull in our activities continues, the more concern we will have about the Iraqi program," he said, reporting on the results of an IAEA General Conference last week that condemned Iraqi intransigence.

UN arms inspectors relied on Israel for tips. Page 2.

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The IHT on-line www.iht.com

Armenia/Egypt/Agence France-Presse
Mohammed Baradei warning of concern over Iraqi intransigence.

لأننا من الأصل

'Well-Bowled, Old Chap' / *Turmoil at Marylebone*

Flash! London Cricket Club to Admit Women

By T. R. Reid

Washington Post Service

LONDON — The drive for equality of sexes in Britain has bowled over a notoriously sticky wicket as the members of the crusty Marylebone Cricket Club finally voted to admit "ladies" to their ranks.

Over the past two decades Britain has accepted female vicars in the pulpit, female CEOs in the boardroom and even a female prime minister in Parliament. But the establishmentarian body that once governed the laws of cricket had spurned all requests from women who had wanted to cheer on their teams from the Marylebone Cricket Club's imposing pavilion at Lord's Cricket Ground.

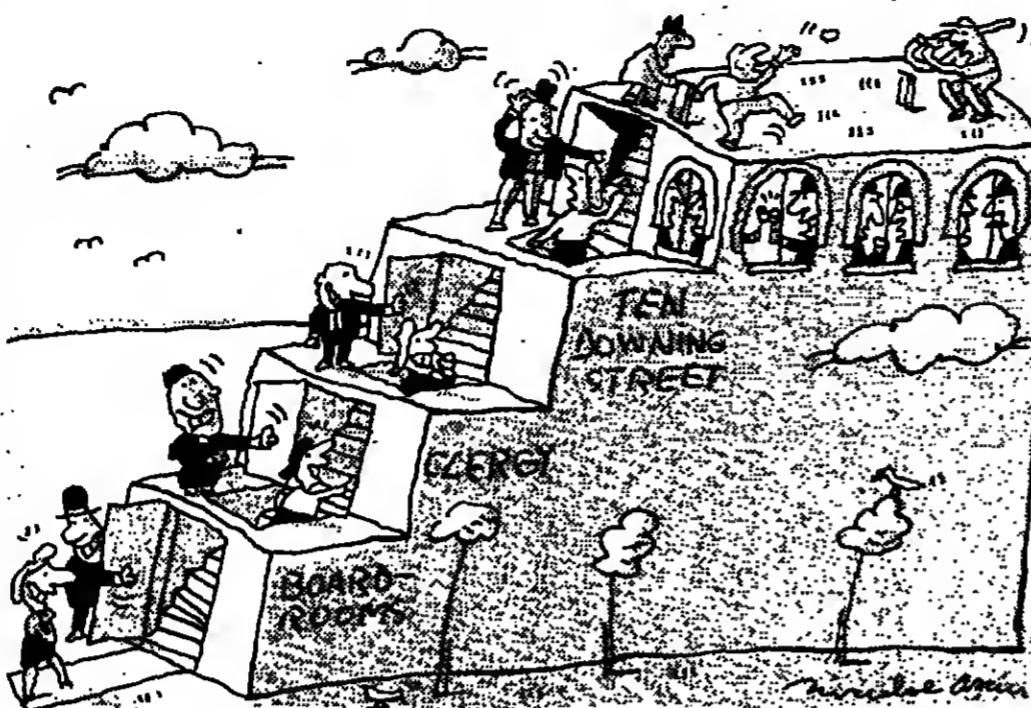
Just eight months ago, the club's 17,500 male members failed to approve the same resolution. The chief argument against female members then seemed to be that the club had been all-male since its founding 211 years ago, and a cricket club should honor tradition.

The appeal to traditional ways clearly had drawing power in an organization dedicated to the enjoyment of a game with some charmingly old-fashioned features. Cricket players still wear starched white flannels on the field, and the teams still interrupt play for a tea break each afternoon, no matter how important the match or how tight the television schedules.

Visiting the Marylebone club on the day of a big match is like watching a 1930s English movie. The members uniformly wear blue blazers, bowler hats and the club's famous red-and-yellow regimental tie. They linger in walnut-paneled bars hung with fading portraits of great cricketers like Sir Spencer Ponsonby-Fane and the Sixth Earl of Bessborough. It's not uncommon for members to shout the all-time cricket cliché: "Well-bowled, old chap, well-bowled!"

But the club's president, Colin Ingleby-Mackenzie, cited more up-to-date considerations in bringing the sex issue to a referendum. And these concerns carried the day in Monday night's decision to open the club to female members.

"We are absolutely delighted that our members have decided to welcome ladies," Mr. Ingleby-Mackenzie said as he announced that 69 percent of the membership had backed the change. "It's evident that members saw what was happening and felt there



was no point in resisting the changes around us."

One such change is that, while the world's oldest cricket club has clung resolutely to its men-only tradition, the sport of cricket itself has gone coed.

There are hundreds of women's cricket teams in Britain, and most other cricket-playing nations — primarily former British colonies — have well-developed women's programs as well.

BY global standards, British women are considerably more successful bowlers and batters than their brothers and husbands.

The national women's team has twice won the cricket World Cup championship. British men have never won the global title in a sport they gave to the world.

More important, perhaps, are the changes in British law and public opinion surrounding traditionally all-male preserves.

The Marylebone Cricket Club is a private club.

but one that happens to own a public institution of enormous importance in British sport.

The red brick MCC clubhouse forms one section of the stands at Lord's Cricket Ground, a lovely green field.

Next year, when the cricket World Cup championships return to Britain, the final game will be played at Lord's. Since its ground will be the focus of global cricket concentration, the club feels the need to make improvements that will cost millions of dollars.

But, because of its exclusive membership policy, the club was turned down when it sought a government grant. It turned to corporate sponsors for financial assistance, but this, too, proved futile.

"The simple truth is," said Roger Knight, the club's secretary, "in this day and age an all-male organization is not going to get corporate or public support. We have an obligation to cricket, and to the country, to change some of our ways."

Iran Rejects U.S. Bid to Explore Ties

By Elaine Sciolino

New York Times Service

NEW YORK — Foreign Minister Kamal Kharrazi of Iran has rebuffed the offer by the United States to draw up a "road map" to re-establish relations between the two countries, accusing the Clinton administration of an outdated policy of hostility toward his country.

In a speech to the Asia Society, Mr. Kharrazi noted a "new tone" toward Iran on the part of President Bill Clinton and Secretary of State Madeleine Albright. But he added that "sole reliance on variation in verbiage can simply not provide the necessary basis for an invitation to political dialogue."

Mr. Kharrazi, a former delegate to the United Nations who earned a doctorate in education at the University of Houston, is a close adviser of Iran's reformist president, Mohammad Khatami.

The address was intended as an official response to Mrs. Albright's speech before the organization in June in which she called on Iran to join in drawing up the road map to normal relations. But her failure to offer any specific initiative or policy shift irritated Iranian officials, who said there was no incentive to begin a political dialogue with Washington.

Mr. Kharrazi reiterated that position Monday, making no effort to disguise his displeasure at American policy toward Iraq and reciting a litany of actions that he said indicated Washington's "Cold War mentality."

U.S. policies and its lack of commitment to change are "barely compatible with the proposal to develop a road map to change the state of affairs," Mr. Kharrazi said. "This is because there is no ground for political negotiations while these policies continue."

The administration sent several senior officials to New York to hear Mr. Kharrazi. They included Thomas Pickering, undersecretary of state for political affairs; Martin Indyk, assistant secretary of state for Near Eastern affairs; Wendy Sherman, a senior State Department adviser, and David Welch, a Middle East specialist and Mr. Indyk's chief deputy.

"It did not offer a road map for the future," Mr. Pickering said of the speech. But he said that "the most important and interesting thing is it is clearly a step forward to have the foreign minister of Iran come to the United States and make a speech" that responded to the secretary of state.

Cyrus Vance, secretary of state in the Carter administration and during Iran's 1979 revolution, said simply, "It was a very tough speech."

Mr. Vance resigned as secretary of state after the failed American military mission in

1980 to free Americans held hostage by Iran's revolutionary government.

Mr. Kharrazi made these criticisms:

• The United States lacks "a commitment to international law" because of its imposition of sanctions against Iran and dozens of other countries around the world.

• The United States is "retarding economic prosperity of Iran and the region" by its policy of obstructing the building of a pipeline through Iran to ship oil and gas from Central Asia and the Caucasus.

• The United States is trying to "sabotage" Iran's efforts to play a role in promoting regional stability.

• The covert program approved by Congress to destabilize Iran and the recent creation of a Persian-language radio station "to wage a propaganda war" against Iran are evidence of American "interference in internal affairs of Iran."

Mr. Kharrazi also criticized Mrs. Albright for defending American support for Shah Mohammed Reza Pahlavi as an "attempt to justify the wrong past," and blamed the United States for the coup that restored the monarchy in 1953.

Still, Mr. Pickering said that Iran "brought the door open on a number of subjects that are of great interest to us: counternarcotics, anti-terrorism and weapons of mass destruction."



Kamal Kharrazi, Iran's foreign minister, rebuffing the U.S. offer of a "road map" for new relations.

Photo: AP

TRAVEL UPDATE

A New Bus Route in Paris

PARIS (AFP) — For the first time since 1945, Paris is to inaugurate a new public bus route, its 58th.

The route, line 88, will cross the southern 14th and 15th arrondissements, or districts, linking the Cite Universitaire, a district of student residences, with the Quai Andre Citroen on the Seine.

The line will pass the Montparnasse rail-road station, which has a high-speed TGV rail service, and the Javel station on the RER C commuter train line.

Upgrading a London Classic

LONDON (AFP) — British Telecom will install about 50 new telephone booths in the classic 1936 design around Piccadilly Circus and Charing Cross — but the booths will be black rather than red.

The design has gradually been disappearing since the 1980s except in the heart of London. Red is now reserved for British Telecom's competitors.

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Singapore Airlines Ltd. is reinstating its discounted fares to Manila, six days after it withdrew them to take advantage of troubles at Philippine Airlines Inc., its only competitor on the route. Singapore Airlines had withdrawn its discounts to Manila — effectively doubling its fares — when Philippine Airlines was grounded by mounting losses and labor disputes. On Monday, PAL said it would resume operations from Oct. 7.

Tourist arrivals in Singapore rose by 11.7 percent in August from a year earlier, as recessions in Asian countries kept people home, the Singapore Tourism Board said. (Bloomberg)

The U.S. Federal Aviation Administration has ordered more inspections of wiring around the fuel tanks of Boeing 737s, the world's most widely used airliner. The agency is requiring U.S. airline companies to inspect Boeing 737-100 through -500 series aircraft with 20,000 to 30,000 flight hours, which adds up to about a year or two flight time. Airlines have 60 days in which to conduct the inspections. (Bloomberg)

Bus service is to begin on Friday between Cairo and Baghdad. It will be the first link between the two countries since the 1991 Gulf War. The trip will take 24 hours, through Jordan. Most of the passengers are expected to be Egyptians working in Iraq. (AP)

Europe

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EUROPE

Living Amid Mud, Kosovo Refugees Fear WinterBy Jane Perlez
New York Times Service

KISNA REKA, Serbia — Heavy rains and winds were slashing the makeshift ethnic Albanian refugee camps in Kosovo, and many inhabitants, who have been living outdoors for months, were cold, wet and encrusted in mud.

About 3.5 kilometers up a hill over this village, muddy water gushed through tents and small children dressed in light clothing squished around barefoot. They described shivering in the night as they tried to sleep sandwiched together, shoulder-to-shoulder, on wooden tent floors.

The squall Monday was a reminder of worse to come, but in the hills and canyons where the refugees have been hiding from the onslaught of Serbian artillery, the mood remained defiant.

Many said they were not ready to go

back to their ruined homes and villages. There, they said, they feared being encircled by the Serbian police, who had torched their places and forced them to flee during a summer offensive against ethnic Albanian insurgents.

There were practical reasons, too, for not returning.

"Few people can prepare their damaged houses for the winter because they don't have the building materials," said Habib Qelaj, 62, a retired mathematics teacher and elder of Kisna Reka. "If they have the money for the materials, they don't have anywhere to buy them."

How long would Mr. Qelaj stay in his teepee-shaped tent, with its wooden floor, metal roof lining and comfortable cushions strewn around inside? "Until my soul comes through my nose," he said, using an Albanian proverb that is a way of saying forever.

Western governments are increasingly concerned about the plight of the ethnic Albanians who have been forced from their villages by the Yugoslav Army and Serbian police units acting under the direction of the Yugoslav president, Slobodan Milosevic.

After failing to stop Mr. Milosevic from punishing hundreds of thousands of civilians during his fight against the Kosovo Liberation Army, Western officials now acknowledge that United Nations agencies and other relief organizations will have to cope with the needs of the refugees.

The UN high commissioner for refugees, Sadako Ogata, estimates that more than 250,000 Albanians have fled their homes since fighting for control of the Serbian province started six months ago.

Tens of thousands have fled to Montenegro and Albania, but most have

stayed in Kosovo. Some have returned to their damaged homes, others are doubling up with relatives and about 50,000 are thought to be camped out in places like the hill above Kisna Reka.

Mr. Milosevic has tried to play down the crisis in Kosovo, insisting that Albanians are well taken care of. According to Western relief officials, the Serbian police have begun dispersing new groups of refugees as they form, in order to make the problem seem smaller.

Mrs. Ogata said that during a meeting with Mr. Milosevic in Belgrade last week, he disputed her estimate of 50,000 Albanian refugees without shelter. He said there were 700 refugees living in the outdoors. Mrs. Ogata said.

In Kisna Reka, Hajrije Gara, 35, said she felt safe during the day coming down from the muddy hillside to cook in the burned dining room of her house.

**As Taxes Lag, Russia Names New Collector***The Associated Press*

MOSCOW — Desperate for cash, the Russian government named a new tax chief on Tuesday to quickly increase revenues despite the country's severe economic crisis.

Prime Minister Yevgeni Primakov indicated just how great the challenge would be when he announced that tax revenues in September were only half of what had been hoped for, the Itar-Tass news agency said.

The prime minister, who gave no figures, planned talks with some of the country's largest companies, which have not been paying taxes in full.

The government's chronic inability to collect taxes has played a major role in the economic crisis. The government has been running a large budget deficit for years and regularly lacks money to pay millions of state workers on time.

The government still does not have a detailed plan to combat the crisis, but will unveil one by Oct. 8, a spokesman, Andrei Korotkov, said Tuesday.

The latest man to take on the unenviable job of tax chief is Georgi Boos, 35, a member of the Parliament's Budget Affairs Committee and the pro-government Our Home Is Russia political faction.

Deputy Prime Minister Yuri Maslyukov introduced Mr. Boos to State Tax Service employees as their new chief, the Interfax news agency reported.

Mr. Boos replaced Boris Fyodorov, who was dismissed Monday by President Boris Yeltsin. Mr. Boos's appointment was not immediately confirmed by Mr. Yeltsin's office.

Mr. Fyodorov, a strong proponent of free enterprise, advocated tough monetary policy and has taken firm action against tax dodgers in an effort to boost revenues.

But with the economy in decline, and most bank accounts frozen, tax collection has become increasingly difficult.

Mr. Primakov told his cabinet that tax collections were half of projections, and said the government was taking urgent measures, Itar-Tass reported. He has said he intends to lower the tax rate to encourage compliance.

Finance Minister Mikhail Zadomov claimed that tax revenues were up in September over August.

Mr. Primakov, who held talks with regional leaders on Tuesday, badly needs a boost in tax collection to pay the government's many debts.

He announced Monday that the government had disbursed back pay to the military, and was planning to pay its obligations for student stipends.

Kosovars Accuse Serbs Of Continuing Attacks*Compiled by Our Staff From Dispatches*

OBRUJA, Yugoslavia — Serbian forces launched attacks Tuesday south of Kosovo's capital, Pristina, ethnic Albanian sources said, despite government assertions that it was withdrawing special police units as demanded by NATO.

The attacks were reported as diplomats from the United States and other countries visited some of the 275,000 refugees driven from their homes in the seven-month crackdown.

At the Kosovo village of Obruja, the diplomats saw evidence of the carnage: the bodies of 15 ethnic Albanian men, women and children all shot in the back of the head at a makeshift camp in the woods where they had taken shelter.

The discovery of the site was among the most damning evidence yet of the methods used in the conflict by Serbian forces.

The bodies of six women, four children and five men lay unburred on the ground Tuesday, two days after Albanians said they were massacred by the Serbs.

Two of the bodies had been decapitated. One woman was missing her foot. One elderly man had his throat cut, apparently with a kitchen knife that lay on his chest. A boy of less than 10 also had his throat slit.

Like thousands of ethnic Albanians in the southern Serbian province that has been the target of a Serbian military offensive, the villagers had built a crude shack a few hundred meters from their

home as a refuge whenever troops were in the area.

Residents of a nearby village said that masked Serbian police officers forced a villager to show them where the refugees were hiding, then shot the villager and the others.

None of the clothing or personal effects of any of the dead showed any sign that they were involved in the bitter military conflict in Kosovo, in which Serbian forces have all but crushed the separatist Kosovo Liberation Army, which briefly took control of many rural areas earlier this year.

Ethnic Albanians make up 90 percent of the 2 million inhabitants of Kosovo.

Both sides have reported massacres before. The Serbs have said that at least 39 Serbs were tortured, mutilated and killed near Glodjane in western Kosovo earlier this month after they were "kidnapped by the terrorists."

On Monday, the Serbian prime minister, Mirko Marjanovic, declared that government forces had crushed the Kosovo Liberation Army and that special police units would be returned to their barracks. He warned that troops could be sent back to the field again if the rebels resumed attacks on Serbian police forces.

Despite his statement, the ethnic Albanian-run Kosovo Information Center reported "heavy" Serb attacks Tuesday around the towns of Stimlje and Urosevac, about 30 kilometers (18 miles) south of Pristina. (AP, Reuters)



Pandeli Majko, the Socialists' pick to be prime minister, looks set to succeed Fatos Nano, in foreground.

New Albania Leader Chosen by Socialists*Compiled by Our Staff From Dispatches*

TIRANA, Albania — The governing Socialist Party on Tuesday nominated Pandeli Majko, its secretary-general, to succeed Fatos Nano as Albania's prime minister at the head of a five-party coalition, a party official said.

If he is approved by President Rexhep Meidani, Mr. Majko, 30, would be the country's youngest leader. He was active in 1990 street protests that helped to topple the country's isolationist Stalinist regime.

Mr. Majko won the nomination in competition with two other candidates: Kastriti Islami, deputy prime minister, and Ilir Meta, a Foreign Ministry state secretary, the party official said.

Parliament selects the prime minister but the Socialists hold a comfortable majority in the 155-seat chamber.

Although he lacks ministerial experience, Mr. Majko has made a name for himself as a mediator in feuds between the government and the opposition leader, Sali Berisha.

Mr. Berisha said earlier Tuesday that he would support efforts by a new broad-based government to restore public order. Leader of the Democratic Party and a former president, Mr. Berisha also called on President Meidani to initiate a roundtable dialogue with political parties.

Mr. Nano had accused Mr. Berisha of fomenting unrest to unseat the government.

Mr. Berisha, who was locked in a bitter struggle with Mr. Nano over such matters as drafting a new constitution, also said he would work toward providing Albania with "a Western-standard constitution."

Mr. Nano resigned Monday, two weeks after an opposition politician's assassination sparked rioting led by the Democratic Party. Protesters burned the first floor of the government building housing Mr. Nano's office and took control of the Parliament. (Reuters, AP)

U.K. Holds Suspected TerroristBy Benjamin Weiser
New York Times Service

NEW YORK — A British court has ordered a suspect held pending extradition to the United States as part of the broadening investigation into Osama bin Laden, the Saudi exile who is being investigated in connection with the bombings of two U.S. embassies last month in Africa.

The suspect, Khalid Fawwaz, 36, is believed to be the leader of Mr. bin Laden's organization in Britain, according to a short summary of the case offered Monday by British authorities. Mr. Fawwaz was sought in the United States under a sealed complaint filed in U.S. District Court in New York. The authorities said.

Mary Jo White, the U.S. attorney in Manhattan, said in a statement that Mr. Fawwaz had been arrested on a warrant charging him with "conspiring with Mr. bin Laden and others to murder United States nationals." She declined to give details.

An indictment was handed down Monday against the two defendants charged in complaints, listed in connection with a conspiracy to bomb the U.S. Embassy in Nairobi. They were indicted on charges that they were also involved in the bombing of the embassy in Dar es Salaam, Tanzania.

The defendants, Mohammed Rashed Daoud Owali and Mohammed Saddiq Odeh, were indicted by a federal grand jury in Manhattan on four counts. More than 250 people died in the attacks, and hundreds were injured.

The indictment also asserts for the first time that Mr. bin Laden's organization, Qaeda, took its stand against the United States for, among other factors, "the arrest, conviction and imprisonment" of people belonging to "Qaeda and its affiliated terrorist groups, including Sheikh Omar Abdel Rahman," the Egyptian cleric who was convicted in 1995 in a plot to bomb landmarks in New York City.

It was unclear whether Mr. Fawwaz's extradition was sought in connection with the embassy attacks or as part of the broader investigation of

BRIEFLY**Loser in Slovakia Gets A Nod to Seek Cabinet****Lisbon World's Fair Ending on Low Note**

LISBON — The Lisbon world's fair is drawing to an end, but with attention focused as much on waste and corruption as on what the fair was supposed to show: Portugal's arrival as a modern nation.

Organizers hoped that the four-month, \$2.4 billion fair would spotlight modernization. But attendance was low and the corruption charges were distracting. (Reuters)

Cognac Producers Demand State Aid

BORDEAUX — Small-scale grape growers around the city of Cognac were anything but mellow Tuesday as they blocked roads to demand state aid and tax cuts to help them cope with failing sales.

Traffic jams built up around the southwestern town of Cognac as the protesters drove tractors across roads, including the Paris-Bordeaux highway.

Producers of the famed Cognac brandy have been hit by overproduction for the past few years because of increased competition from other types of spirits. The crisis in Asia, a major consuming region, has cut exports and taken some small growers to the brink of bankruptcy. (Reuters)

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INTERNATIONAL

Blair's Labour Party Revels in Its New Gentry

By Warren Hoge
New York Times Service

BLACKPOOL, England — Blackpool and the Labour Party have been as compatible as fish and chips for years, but the delegates to this week's convention are having their last fling with the frumpy old resort.

In another step to shed association with its rabble-rousing socialist past, the party — which Prime Minister Tony Blair calls New Labour — is ending a 70-year-old tradition of gathering on the Irish Sea with its floodlit imitation Eiffel Tower, beachfront amusement arcades and rows of prim Victorian rooming houses with geranium pots on the windowsills.

The years to come will find the delegates in more refined places like Brighton and Bournemouth on the English Channel, which are the vacation spots for the aspirational class wedded to small business capitalism and shopping mall consumerism that New Labour now courts.

Blackpool's notoriously boisterous landladies have had a lot of tact-splitting comments to make about being tossed aside for the new model, and they have

been joined this week in denouncing the New Labour government's leaders by shunned members of the party's left wing and of the trade union movement, which created old Labour nearly a century ago.

Mr. Blair, in his keynote address to the conference on Tuesday, acknowledged that the luster was fading from the party's symbolic red rose. He said people should not lose their nerve as the government confronted "tough decisions" on the economy, welfare and productivity in the public sector.

"No retreat," he said defiantly. "No backing down. Backbone, not back down, is what Britain needs."

With the first sign that the long-honored name of his government has had may come to an end, he said, "We would rather be popular than unpopular, but it is better to be unpopular than wrong."

His speech to the Labour faithful last year was triumphant, coming only months after the party had wrested the government back from the Conservatives after 18 years out of power. Tuesday's took credit for accomplishments of the past year but sounded a warning about the future.

He told delegates in the gilt Winter Gardens ballroom that what he called

modernizing moves would provoke disidence, and he appealed for support. "When we bring forward proposals for change in our welfare," he said, "don't tell us it's a betrayal of the welfare state when in truth welfare reform is its only salvation."

He said: "There will be attacks to the left of you, attacks to the right of you, attacks from behind and in front. Welcome to government."

Mr. Blair's personal popularity, in fact, continues high, with approval ratings in the 60-percent range, and his control of the party is secure. But his having turned Labour into what he called on Tuesday a "pro-business, pro-enterprise" party incurs disapproval from older party members at a time when recessionary fears are rising and some multinational employers around Britain are shutting down or cutting back.

Mr. Blair looked out at an audience on Tuesday that included restive union leaders who are increasingly questioning his government's austerity policies, which have resulted in high interest rates. Mr. Blair reminded them that voters had chosen "a New Labour party out in the pocket of the trade unions, out tax them through the roof, out taxing after every passing of the politi-

cal fringe, but modern, principled and in touch."

Just two weeks ago, in the same hall, John Edmonds, president of the Trade Unions Congress, had criticized the government for not cracking down on big boardroom salaries. It was a blast more typical of Blackpool rhetoric than Mr. Blair's reflective address.

"A company director who takes a pay rise of 50,000 pounds when the rest of the work force is getting a few hundred is not part of some general trend," he said. "He is a greedy bastard."

The union movement contributed 77 percent of the party's budget a decade ago but accounts for less than 40 percent now. The membership of the Labour Party has changed dramatically, and the people passing by the bingo parlors and vendors peddling Blackpool rock candy sticks this week were no longer hard-bitten miners in cloth caps. They were accountants, lawyers, economists, management consultants and business people, most of them dressed in dark suits accessorized with cellular telephones.

Even without moving out of Blackpool, the Labour Party has already tided up its once famously disruptive conferences. New rules regulate what issues



Prime Minister Tony Blair addressing the Labour conference Tuesday.

can come to the floor, and the only people to be called on to speak are ones who have been briefed and screened ahead of time.

New Labour has taken sponsorship to new levels in British political life at this conference. For example, the tags around the neck of every delegate, visitor and journalist bear the logo

of a national chain of supermarkets. In a question-and-answer meeting with delegates Sunday, Mr. Blair was asked if this didn't mean the party was for sale.

"Personally, I feel it's sensible to raise money from people sponsoring things, provided they understand they get nothing in return," he said.

Eastern Germany in 1998:
A Land of Angry People

Frustrated Voters Turn to Ex-Communists

By Edmund L. Andrews
New York Times Service

HALLE, Germany — Most of the nightmares, polluting chemical refineries in this East German city have been bulldozed since the fall of the Berlin Wall, along with most of the jobs that went with them.

But many of the former workers are still here and still living in the graffiti-covered high-rise apartments that the state-owned chemical industry built for them more than 30 years ago.

This is a neighborhood with old friendships, strong community ties and meticulous housekeeping, surrounded by weeds and crumbling walkways.

It is also one where most people who voted Sunday were discouraged, disillusioned and desperate for a change.

"We are all unemployed, every one of us," said Irene, who came to vote with her husband, Hans, and two long-time friends who have been neighbors here since 1966.

All were in their 50s and none would

give full names. "If you are more than 50 years old, you have absolutely no chance of getting work," she said. "In fact, it's hard if you're over 40."

Eastern Germany played a central role in Chancellor Helmut Kohl's extraordinary electoral defeat Sunday, largely because of such frustrations.

The East used to be one of Mr. Kohl's strongholds, thanks to his role in reunifying Germany and pouring vast into reconstruction. But with 17 percent of East Germans jobless — and many more in government-paid welfare programs — Mr. Kohl's time had run out.

The Social Democrats, led by Gerhard Schroeder, won the election with 40.9 percent of the vote, up from 36.4 percent in 1994. Mr. Kohl's Christian Democrats slid from 41.4 percent to 35.2.

Overwhelming support for the Social Democrats in four Eastern states and Hamburg city helped give Mr. Schroeder his comfortable 21-seat majority in Parliament.

In a sign of just how angry many people here are, the successor to East Germany's old Communist Party, now called the Party of Democratic Socialism, saw its share of Eastern votes climb from 19 percent to 21 percent.

For the first time ever, the former Communists received more than 5 percent of votes nationwide, thus gaining full status as a minority party.

Here in Halle, people expressed their disillusionment in many forms. Doris May, a 47-year-old schoolteacher who came with her husband, Harald, said that, for the first time, she would vote for the former Communists.

"We are both employed and our own lives are not that bad," she said. "But many of our friends are jobless, many of them. And I can see the impact that it is having on children at school. They are disoriented and distracted. They know their parents don't have work, and they absorb their frustration."

Christiane Fischer, a physician's assistant who is also 47, said she would vote Social Democrat after having voted for Mr. Kohl in the past.

"My son is in the military right now, and we're not sure what he will do when he gets out," she said. "He was a construction worker, but construction has slowed down so much and there are so many illegal foreign workers here who work so much more cheaply. I always thought things would be better, but they aren't. A lot of things were promised, but it isn't much better."

Several others here said that they had voted for the ultra-right German People's Union, known by its German initials as the DVU. At a McDonald's



A worker in Bonn removing campaign posters of Helmut Kohl and Gerhard Schroeder, remnants of the German general elections Sunday.

just outside town, two workers who would identify themselves only by their first names, Lutz and Frank, said they had voted for the rightist party as a protest against complacency in Mr. Kohl's coalition.

Mr. Lutz, a 31-year-old bricklayer, said: "I'm making a protest vote, pure and simple, because none of the parties are doing what needs to be done."

Four years ago, both men said, they voted for the Christian Democrats. They were among 200,000 former CDU voters who opted for the anti-foreigner DVU.

To be sure, the billions of marks pumped into Eastern Germany have transformed even the bleak concrete tenements for the chemical workers. Some of the high-rises have new facades, with bright paint and sturdy windows.

The parking areas are jammed with Volkswagens and even a few BMWs. Huge suburban shopping centers are just a 10-minute drive away.

Yet, spiritually and emotionally,

many people here say they see little of the "blooming landscapes" that Mr. Kohl promised at the time of German unification in 1989.

"My son works as a BMW salesman here, and he drives a BMW because it comes with the job," said Helga, 57, who worked for 14 years at a local bank before being laid off three years ago.

"But he isn't making any money because he can't sell any cars, so he always comes over to our apartment for dinner."

Even some people who have good jobs said they voted against Mr. Kohl.

Andreas Koerner, a mid-level manager at an electronics company near Leipzig, said he had cast his ballot for the Social Democrats simply because the government, he felt, needed new blood.

"We just have to have some new ideas and more energy," he said as he waited for a train in Leipzig. "I am concerned about business, but my vote was partly out of concern for business. There are a lot of other people who feel that way, too."

Despite Mr. Fischer's pleas, the party came out then against the continued participation of German troops in the North Atlantic Treaty Organization's mission in Bosnia. The congress also, to Mr. Fischer's horror, voted for taxes that would have sharply increased gasoline prices.

"In the long term," he added, "we would like to see the Organization for Security and Cooperation in Europe take over many tasks from NATO, but that, I repeat, is a long-term aim."

In the short term, it seems clear that the Greens will work hard to agree to a solid four-year government program with Mr. Schroeder and to dislodge Helmut Kohl's repeated warning during the campaign: "The Green party platform represents a major security risk for Germany."

It will be a major adjustment for a party unused to the structures of government or central organization. And the adjustment will have to be made quickly.

Officials said Tuesday that Mr. Schroeder wants to be sworn in by Oct. 22 so that he can attend a European Union summit meeting in Austria later that week.

Visit With Yeltsin Is Planned

Mr. Schroeder, who plans to visit France on Wednesday, said Tuesday that he also intended to visit President Boris Yeltsin in Moscow once Parliament confirmed him in office, Reuters reported.

He confirmed that Mr. Yeltsin had telephoned to congratulate him on his electoral victory Sunday.

He also said that he would not travel to Moscow before the Bundestag formally

recognizes that a decision has been made on the subject and will abide by it, he said.

"In the long term," he added, "we would like to see the Organization for Security and Cooperation in Europe take over many tasks from NATO, but that, I repeat, is a long-term aim."

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KOREA: Aid Agency Pulls Out of North

Continued from Page 1

retreat from North Korea just weeks after the United States committed itself to increase donations of food to North Korea by 300,000 tons, making the United States by far the biggest international supporter of the program to stop a food crisis that, according to a U.S. congressional delegation's report last month, is killing 300,000 to 800,000

North Koreans.

The U.S. decision met opposition from aid officials, who questioned the ability of the World Food Program and the five American charities in North Korea to monitor the food deliveries.

The Tuesday announcement detailed a string of setbacks suffered by one of the world's most respected aid agencies in its attempts to crack North Korea's system and help suffering children.

Aid officials said that, compared with European charities, the Americans had been even less successful in ensuring that the aid was not going to Communist Party loyalists or to the army.

Western aid officials have privately criticized the United States for sending food to North Korea as a vain attempt to ensure that the volatile Communist state would not collapse or undertake military adventures — such as attacking South Korea, where 37,000 U.S. troops currently patrol the demilitarized zone along the North's border.

"It's a bribe, nothing more," said one aid official. "But if you don't insist on better monitoring, very little of the food will go to the needy. It will go to loyal party people and the army."

Dominique Lafontaine, a French doctor who has been based in North Korea since August 1997, said Doctors Without Borders had fed 14,000 malnourished children in therapeutic centers during his time there.

As they conducted inspections, health officials noted that some of the children were extremely malnourished while others were relatively healthy. When they asked about the malnourished ones, they determined that they had been collected in 9-27 camps.

The North Korean leader established the camps, aid officials said, as part of a police action to force millions of people who had left their villages in search of food to return to home.

The people are arrested, incarcerated in camps and then sent home, where they are incarcerated again, according to Western aid officials.

"We have asked for access to the places where the children are, but we were refused," Dr. Lafontaine said. "Local authorities confirmed that there were many homeless and orphaned children but when we asked the central government, they denied that they existed. The plight of these children concerns me deeply."

Officials of the charity said that North Korea needed to allow aid officials to conduct a nutritional survey of

BRIEFLY

West Bank Militant Killed by Car Bomb

RAMALLAH, West Bank — An Islamic militant was killed and two others seriously wounded on Tuesday when a bomb ripped apart their car in this Palestinian city, security sources said.

The bomb had been placed in the trunk of the car, possibly in preparation for a suicide attack on Israel to coincide with Yom Kippur, the Jewish Day of Atonement, which began at sundown on Tuesday, the sources said.

Weapons were also found in the vehicle, a Volkswagen Golf bearing Israeli license plates that was parked in an industrial zone, the sources said.

The three men were identified by police as Hamas members who had been sought by Palestinian security forces.

Israel security forces have been on high alert because Hamas militants have vowed to avenge the deaths of two senior associates who were slain by Israeli special forces on Sept. 10. (AP)

Israeli Police Clash With Arab Protesters

JERUSALEM — Security forces clashed with Arab protesters in northern Israel on Tuesday during a general strike against land confiscation and alleged police brutality.

Witnesses said paramilitary police fired rubber-coated bullets and tear gas at hundreds of stone-throwers in Umm al-Fahm and Nazareth, the two biggest Arab towns in Israel.

In Umm al-Fahm, President Ezer Weizman met with local officials to try to calm tension before the start on Tuesday evening of Yom Kippur, the holiest day in the Jewish calendar.

The violence of the past few days, in which hundreds have been injured, was the worst in the Arab community in more than 20 years. It erupted in Umm al-Fahm on Sunday after Israeli police evacuated Arabs from tents they pitched in a nearby village on land the army wants to use as a firing range. (Reuters)

Leakey Back on Job At Kenya Wildlife

NAIROBI — Richard Leakey, the Koeyan conservationist, plans to resign as an opposition member of Parliament after being reappointed as director of the Kenya Wildlife Service, his party, Safina, said on Tuesday.

A fierce critic of President Daniel arap Moi, Mr. Leakey said on Friday he had accepted an offer from the president to retake the helm of the financially troubled Wildlife Service, a position he quit in 1994 amid allegations of mismanagement.

Although Mr. Leakey did not stash his intention to quit Parliament, the Kenyan Constitution prohibits members of Parliament from holding office in the civil service, a Safina party leader said.

(Reuters)

INTERNATIONAL

ANWAR:
Bruised, He Denies Guilt

Continued from Page 1

it, because it's happened before—but never to a deputy prime minister," said Ruslan Sani, a commentator and deputy president of the Malaysian Social Science Association. "I think people are angry, but not surprised." He said the credibility of the judicial system had now become an issue for the reform movement.

Mr. Anwar's beating is also sure to ignite international outrage, as he has a wide network of friends and allies abroad, including Defense Secretary William Cohen, who is a close personal friend, and President BJ Habibie of Indonesia. Leaders from Asian and Pacific countries, including President Bill Clinton, are scheduled to come here in November for the annual meeting of the Asia-Pacific Economic Cooperation forum, but many here say using Kuala Lumpur as a venue could now prove embarrassing.

There was little evidence Tuesday of a public reaction, as a massive police presence—including specially trained troops with automatic assault rifles slung over their shoulders—threw up a tight cordon around the courthouse area and prevented even pedestrians on their lunch breaks from walking near the building where Mr. Anwar was being formally charged. Hundreds of Anwar supporters did try to gather intermittently, but they were quickly dispersed by red-helmeted policemen with batons and plastic shields.

During the hearing, the equivalent of an arraignment, Mr. Anwar told the judge of a severe beating he suffered on the first night of his detention, Sept. 20, while he was handcuffed and blindfolded. At one point he pushed back the sleeve of his blue-and-white checkered shirt to show more bruises on his arm. He also tugged at



Azizah Ismail, the wife of Anwar Ibrahim, entering court Tuesday in Kuala Lumpur with a daughter, Nurul Izzah, 18, to bear the charges brought against her husband.

his trousers and made a motion with his hand to his mouth to show reporters that he was not eating well and was losing weight.

"I was boxed very hard on my head and lower jaw and left eye," Mr. Anwar was quoted as telling the presiding judge, according to witnesses. "I was slapped very hard, left and right, until blood came out from my nose and my lips cracked. Because of this, I could not see or walk properly."

Mr. Anwar said he was kept in solitary confinement for five days after the beating, and during that time the police refused his repeated demands that he be allowed to see a doctor, even though his vision was blurred, his balance was impaired, and he was having trouble using his bruised arm.

The beating, he said, was "a clear message to behave after that."

Mr. Anwar's wife, Azizah Ismail, an ophthal-

mologist, sat behind her husband in the courtroom and at one point gave him a rudimentary eye test, having him close one eye, then the other, while she examined for damage. Two of their five daughters also sat with her, weeping during much of the proceedings, and he turned to them, made a fist, and told them, "Pray, I'm a fighter. I'm innocent."

Mr. Anwar appeared in high spirits and defiant, according to a witness who was inside the courtroom, which was packed with about 80 people, including a few reporters. He joked with his wife behind him, made eye contact and gave hand motions to send messages to the press, and he rolled his eyes sarcastically and shook his head when prosecutors hurled charges at him.

Later, Miss Azizah was allowed to visit her husband in jail, where she was hoping he could receive outside medical attention.

IMF: G-7 Nations Offer Conflicting Ideas for Reshaping World's Economic System

Continued from Page 1

Britain to re-examine the role of the World Bank and IMF and consider a partial merger of the two Bretton Woods organizations.

A preference by the United States for a more gradual approach to reshaping the architecture of the global financial system that avoids most of the above proposals, which the Clinton administration deems unwieldy and unworkable.

The proposals for reform offered last week by Mr. Blair, including a suggestion that the IMF and World Bank might be partially merged, are being dismissed by many private sector experts and international financial officials as lacking in detail and substance.

France, meanwhile, is spearheading a campaign that would reinforce the power of Michel Camdessus, the IMF's French-born managing director. Mr. Camdessus has been heavily criticized by members of the U.S. Congress, by private sector economists and bankers, and by some G-7 officials for having failed to apply flexible solutions to troubled Asian economies and for having been unable to stanch the Asian contagion as it spread from the region to Russia and Latin America.

"It is always easy to say the IMF made mistakes," said France's finance minister, Dominique Strauss-Kahn. "But the problem is not really mistakes by the IMF but the fact that it is not politically authoritative enough. I think we need to implement a genuine political governance of the IMF."

In an interview, Mr. Strauss-Kahn argued for the IMF's 24-member Interim Committee to be transformed into a formal council that would hold regular meetings of finance ministers and en-

ASIA: A Call for Lower Rates

Continued from Page 1

debt-servicing costs, but would not be enough to attract fresh capital flows to hard-hit economies.

Unless structural changes are pursued more aggressively—including the radical revision of banking and supervisory systems, the recession gripping East Asia will not end soon, the report said.

The task ahead is enormous, said Jean-Michel Steverino, the World Bank vice president for the East Asia and Pacific region. Virtually all of the countries in East Asia are transforming the old ways of conducting their business and politics.

The report, while suggesting that restructuring could produce signs of economic recovery in 1999, noted that "the fires of instability are almost contained in some countries, but are far from being under control in the region as a whole."

Not only could these fires "erupt anew," said the World Bank, "they still threaten to sweep into other emerging markets."

According to the report, Indonesia's economy will be hardest hit by the crisis, shrinking 1.6 percent by the end of 1998. Thailand will contract by 7.9 percent, followed by South Korea and Malaysia, contracting 4.7 percent and 3.4 percent respectively, according to the study.

able IMF decisions "to give more importance to the political side."

Mr. Strauss-Kahn also criticized the U.S. initiative that has brought together the G-7 plus 15 other emerging economies in an ad hoc group—dubbed the G-22—that is working on international financial reforms.

"I can understand that our American friends want the IMF to go on as before," Mr. Strauss-Kahn said, "but a lot of countries are not represented in the G-22."

A U.S. official on Tuesday dismissed the French proposal, saying it was merely a mask for Mr. Camdessus, "who wants everything done inside the IMF and is worried about losing control."

When asked about the notion of transforming the Interim Committee into an executive council that holds regular minister-level meetings, the U.S. official said, "Fat chance of that happening," and he noted that Washington had enough votes to veto such a proposal at the IMF.

Mr. Strauss-Kahn's other key proposal, which is part of a 12-point French plan, is to improve international coordination on exchange rates by recommending that other parts of the world imitate European monetary union on a regional basis.

"The experience we have in Europe on EMU is probably an experience that can be used to help limit exchange rate fluctuation," he said, adding, "There may be a role for currency blocks or monetary unions on a regional basis, modeled on EMU."

The German proposal for targeting exchange rates, while dismissed by some international financial officials as unworkable, was also attacked on Tuesday by a Bundesbank council member, Franz-Christoph Zeitzer, who told Reuters that calls for

controls on foreign exchange would be seriously flawed as they would lead to the temptation to put off hard solutions that would get at the root of problems.

Japan, meanwhile, is sending its delegation Washington with a proposal to impose controls on the flow of capital in times of crisis, according to Mr. Miyazawa, the finance minister.

"Restricting the free flow of capital is not easy," he conceded Tuesday.

One senior international financial official on Tuesday pored cold water on the idea, which is also close to anathema for the free-market oriented United States.

Earlier this month, Prime Minister Mahathir bin Mohammad of Malaysia imposed sweeping capital controls, but few other countries have followed suit.

Japan's other idea, to be discussed in Washington, is to consider ways of providing financial support for troubled East Asian economies.

A year ago, the U.S. and the IMF shot down a Japanese proposal for a regional rescue fund, but the new proposal is intended as a way of helping crisis-stricken countries to recover. (Page 13.)

Mr. Miyazawa said Tuesday he may also propose ways of regulating hedge funds during the G-7 gathering in Washington.

The \$3.5 billion private sector rescue of Long Term Capital Management in New York, arranged by the Federal Reserve Bank of New York, has drawn criticism internationally and is expected to be discussed by the G-7.

For example, Mr. Strauss-Kahn, the French finance minister, said he could "un-

derstand why the Fed did what it did, and the issue is not whether it was a good idea or not."

"But the hedge fund rescue showed we need more information from the private sector as well as the public sector," he said.

A U.S. Treasury official, while declining to comment on specific proposals from other G-7 governments, stressed that the work of the G-22 group would be putting forward "important ideas and approaches to improving the architecture of the international financial system in three areas."

These, he explained, "include how to achieve more transparency, incentives to improve the financial system and to involve the private sector to a greater extent."

The meeting of the G-22 will be held next Monday.

ARAFAT: Palestinian Agrees to Idea on West Bank

Continued from Page 1

concession by Israel. Mr. Netanyahu had said Israel could not give up more than 5 percent of the West Bank territory for fear the land would be used as a base for terrorist attacks.

Mr. Arafat, on the other hand, was reportedly under pressure from other leading Palestinians to reject the offer as inadequate.

Israel's withdrawal from the additional 13 percent of occupied land would give the Palestinians control of 40 percent of the West Bank, an area where all but 2 percent of the Palestinian population resides.

Mr. Clinton, who had announced on Monday "a significant narrowing of the gaps between the two parties," is clearly eager for a political boost from brokering an end to the 18-month impasse in the Middle East peace talks.

The summit meeting will come just weeks before the Nov. 3 elections.

He ordered Secretary of State Madeleine Albright and the special Mideast envoy, Dennis Ross, to fly to Israel next week to help lay the groundwork for the Washington meeting.

U.S. mediators will now concentrate on extracting security concessions from Mr. Arafat that Mr. Netanyahu can accept.

The Israeli prime minister has faced heavy pressure from conservatives bitterly opposed to surrendering land.

Michael McCurry, the White House spokesman, said that Mr. Clinton was "determined to see an agreement arise" from the U.S. diplomatic efforts.

A U.S. official told The Associated Press that Mr. Arafat and Mr. Netanyahu had committed themselves to move on after the October meeting to negotiations on a final settlement.

Mr. McCurry said that "difficult negoti-

ations" lay ahead. He said Mr. Clinton would be "directly involved in some way, shape or form."

He indicated, however, that the approach taken in 1978 by President Jimmy Carter — when he kept President Hosni Mubarak of Egypt and Prime Minister Menachem Begin of Israel together at the Camp David presidential retreat for a marathon session until agreement was reached — was likely to serve as a model.

White House aides said it was possible that the talks would be held at the retreat in the Maryland mountains but that it appeared unlikely.

Should an agreement be signed, it would mark the beginning of an even more arduous process, aimed at reaching a final peace settlement between the Israelis and Palestinians.

Among the thornier issues to be resolved would be the final status of Jerusalem, which is claimed by both sides.

Under earlier accords, Israel had agreed to withdraw from 27 percent of the West Bank land it occupied in the 1967 war.

But the withdrawal was postponed after Palestinians said it was too small. The talks now under way would very likely combine the two withdrawals, with a third to be negotiated in the final-status talks.

Earlier, Mr. Arafat addressed the UN General Assembly. He called on the body, which is broadly supportive of his cause, to support a Palestinian state.

Yet, he bowed to U.S. wishes — a White House official said Mr. Arafat reviewed his speech Monday with Mr. Clinton — and dropped a threat in a draft of his speech to declare a Palestinian state if the negotiations with Israel went beyond the May 4 deadline set by the Oslo accord.

Mr. Netanyahu was eager to prevent such a unilateral announcement by Mr. Arafat.

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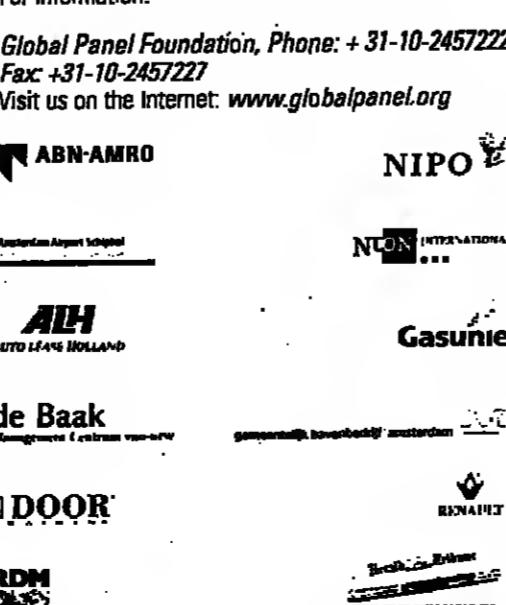
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EDITORIALS/OPINION

Clinton Goes,
Will Be Christian

International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Germany Turns the Page

A New Generation

A German politician once said of Helmut Kohl that if he had been the Titanic, the iceberg would have sunk. So it seemed for 16 years, as Mr. Kohl barreled over one opponent after another to lead Germany for longer than any man since Otto von Bismarck a century ago. But the Kohl winning streak was broken on Sunday, and with it ended one of the most eventful and fateful periods in postwar German and European history.

Chancellor Kohl deftly directed the peaceful reunification of Germany, helped fashion the political architecture for a united Europe and led the way to economic cooperation on the Continent and the adoption of a common currency. In Germany itself he instilled a sense of confidence and accomplishment that helped overcome the burden of Germany's role in World War II and the Holocaust.

German unification was Mr. Kohl's singular achievement, even if it turned out to be one of the causes of his defeat. It is easy now to look back on the absorption of East Germany as a smooth, peaceful process. But, as the Berlin Wall fell and the Cold War ended in the late 1980s, reunification seemed fraught with peril for Germany and, for Europe. With the assistance of Mikhail Gorbachev in Moscow and George Bush in Washington, Mr. Kohl reunited the two Germanys democratically and made his country the anchor of peace and prosperity in Europe.

The financial cost of propping up

eastern Germany was far greater than Mr. Kohl expected, and the sluggish growth and high unemployment it produced in recent years fanned dissatisfaction with him. But, after four terms, Mr. Kohl, who is 68, was defeated less by specific complaints than by a desire for new, younger leadership.

Mr. Kohl's departure portends no great change in Germany's relations with Europe, the United States and the rest of the world. It may not even mean much alteration in domestic policy, although power will now pass to a more left-leaning government led by Gerhard Schröder and the Social Democratic Party. A radical student leader in the 1960s, Mr. Schröder, who is 54, long ago found his place in the German mainstream and campaigned as a pragmatic centrist.

His biggest challenge will be to deal with the economic drag produced by generous social welfare programs. Mr. Kohl tinkered with the system by curtailing a few benefits. Mr. Schröder showed no inclination during the campaign to reform the long annual vacations, extended sick leave and other programs that Germans consider to be their birthright. Mr. Schröder also ought to make Germany's immigrants feel more welcome and make it easier for them to become citizens, an area in which Mr. Kohl often played to national sentiments.

Political and financial power in Germany is passing to a new generation. Its results will be measured against the Kohl legacy.

—THE NEW YORK TIMES.

Inherited Burdens

Helmut Kohl had roughly the same chance that Margaret Thatcher and her successor John Major had to modernize his country's economic and social base. The German chancellor chose instead to focus on the unique international circumstances that arose soon after he took power in 1982. Thus did he win acclaim as a statesman for leading his country free, democratic, prosperous and whole out of the Cold War. He also left to his successor — Gerhard Schröder, who bested him at the polls on Sunday — the task of bringing the German social order into the 21st century.

It may be true that the Cold War was going to end anyway, thanks to the currents of history and policy being managed at a higher level by Mikhail Gorbachev and George Bush. Mr. Kohl had deepened postwar Germany's signature effort to anchor his country in democratic Europe, the better to make its eventual reunification feasible. When the moment suddenly came, he was there to ensure that a

—THE WASHINGTON POST

Mideast Diplomacy

After more than a year of slumber, the Middle East peace effort is stirring. Benjamin Netanyahu and Yasser Arafat are talking with one another again, and on Monday President Bill Clinton invited them to Washington next month for intensive talks to complete a long-stalled round of negotiations with his assistance. With time rapidly running out on the negotiating clock established under the Oslo accords, the two sides can afford no further delay.

Thanks to Palestinian terrorism and Israeli intransigence, the Oslo timetable calling for completion of a comprehensive peace agreement by May 1999 has been all but obliterated. By now Israel and the Palestinians should have been far along in the final-status talks about such difficult issues as the shape and status of a Palestinian state and the future of Jerusalem. Instead they are still arguing over the terms of the next partial Israeli withdrawal from the West Bank, an issue that was supposed to be resolved more than a year ago.

Monday's White House meeting between Mr. Netanyahu, Mr. Arafat and Mr. Clinton was an encouraging sign that the obstacles are diminishing, even if the Middle East leaders stood grumpily at Mr. Clinton's side during a brief encounter with reporters. The two men now agree in principle on an American proposal for Israel to pull its military forces back from an additional 13 percent of the West Bank, including a 3 percent piece that would be classified as a nature preserve to prevent Palestinian settlement. The Palestinians already control 27 percent of the West Bank.

Because the withdrawal is entangled with other issues, including security

—THE DAILY TELEGRAPH (LONDON)

Other Comment

The Left Runs Europe

The traditional constraint on a left-wing government is international competition. But when the whole European Union is run by the left, problems can be sidestepped through common employment rights and pan-European taxation. The victory of the German left will surely lead to a new burst of harmonization — just when the world economy is at its least indulgent. Tony Blair has always said he opposes such integration. Now comes the test.

—The Daily Telegraph (London).

Signs of a Global Decline in American Influence

By Philip Bowring

LONDON — It is said that U.S. leadership has been seriously eroded by the travails of Bill Clinton. Time, reputation and political capital have been consumed to the detriment of America overseas. But it is too easy to ascribe the erosion of U.S. power to this cause.

The high-water mark of U.S. global political and economic influence in the post-Soviet era had already been reached. The limitations of being the only superpower in a multipolar world are ever more apparent.

To the Middle East, the U.S. role remains stymied by a lack of political will to pressure Israel, as well as by the Arabs' loss of oil as an effective weapon to pressure the West. The anti-Saddam coalition has been eroded by time and weariness and by the Palestinian stalemate.

The demonization of Iran has long been worse than counterproductive — it helped incubate the Taliban. New axes are forming — for example, between Turkey and Israel — which are not against American interests but are a symptom of the new complexity of international affairs and hence of the difficulty for the United States decisively to impose its influence.

China provides a vivid example. The rapprochement with Beijing can be seen, with justification, as a major achievement of the Clinton administration. But it has been at the expense of relationships with Japan and India, and

of those countries' relations with China. And it has contributed to undermining another key U.S. policy, the desirable but probably unrealistic goal of nuclear nonproliferation.

American help, advice and hopes that Russia would move to become a Western-style capitalist democracy — at least on post-Communist Polish, if not American, lines — have been dashed. Whatever happens now, the peak of Western influence has passed. Russians' grope for a way out of their mess, which could involve a reassertion of some Soviet-era foreign policy goals.

The United States is not to blame for the failures of reform in Russia, but its influence has been reduced as a result.

On the economic front, U.S.-inspired free market policies are under attack as a result of the excesses of financial markets and the herd mentality of Western (especially European) bankers. The American economy itself, from which so much of U.S. influence has emanated, is looking increasingly like much of Asia did two years ago — asset price booms fuelled by excessive optimism, new "paradigms of growth," heavy capital inflow and a surge in bank lending against financial assets.

It seems unlikely that U.S. growth can survive. A collapse in nonfinancial profits is under way as pricing power is

eroded by Asian imports. This will probably lead to a fall in investment. With consumer debt very high and household savings very low, only a surge in wages or a continued share price boom creating a positive wealth effect can now sustain consumer optimism.

The United States cannot much longer maintain its role of global growth engine. Its ability to offer open market solutions to global problems is being eroded by the sheer size of its trade deficits.

Whether Europe and Japan can be substitutes is debatable. But a weaker U.S. economy and a weaker dollar will reduce U.S. influence at the time of the birth of the euro.

In its desire to get the euro off to a strong start, Europe seems set to ignore global needs for lower interest rates, meanwhile undermining the position of the dollar. In Asia, old relationships with the dollar have collapsed because of dollar strength but may now be replaced with arrangements which attach importance to the euro and the yen.

Alan Greenspan and Robert Rubin remain the key figures in holding the financial system together at a time of global crisis. But U.S. influence for stability is dangerously undermined by congressional aversion to the IMF and the World Bank.

The IMF has made serious policy errors in addressing the Asian crisis, and will never have the capacity to be global

lender of last resort. But large injections of money are needed at multinational and national central bank levels if Asian and Russian corporate and banking failures are not to be passed on to the West through a collapse of lending due to contraction of the capital bases of Western banks. It remains to be seen whether the U.S. political system can deliver what is needed to sustain a U.S.-led financial system.

None of this is to welcome a decline in U.S. influence. Quite the opposite. Europe has shown some ability to act decisively even on issues (Bosnia, Kosovo) in its own backyard; obsessed with the euro launch, it is still in denial of the global financial crisis. Asia has a mass of fault lines that have been kept stable partly by U.S. military and commercial and cultural influence, but desire for U.S. influence does not create capacity for it.

The difficulty for the United States now lies in recognizing that its influence has peaked, without giving way to age-old isolationist instincts.

Some already see media and congressional obsession with President Clinton's sex life, to the detriment of America's global interests, as illustrating a new strain of isolationism. That may be far-fetched. But do not expect resolution of the Lewinsky affair, or a new president, to reverse the erosion of U.S. influence that is under way.

International Herald Tribune

Of Butterflies, Earthquakes and the Return to Keynes

By Gregory Clark

TOKYO — Chaos theorists liked to speculate how a butterfly flapping its wings in Beijing might trigger an earthquake in Peru. They don't have to speculate any more.

That move against the Thai baht in Bangkok last year triggered economic earthquakes first in Asia, then in Eastern Europe, then in Latin America (including Peru) and even threatening capitalist basements in the West.

Now we are told that if Brazil abandons its dollar peg in order to control currency outflow, the Hong Kong dollar is threatened, which in turn could force Beijing to devalue the yuan, which would trigger yet another bout of Asian and world economic unrest. Those butterflies seem to be working overtime.

At the heart of the global economy lies a little-realized contradiction. In our domestic economies we take it for granted that there should be controls —

and-monopoly laws, strict inspections of bank lending, central banks to control interest rates or money supply, some protection for domestic producers, and so on. But the moment anyone suggests similar controls for the international economy, the pundits cry foul.

Yet, as some are now coming to realize, it is here that the controls are most needed.

Ideological factors are behind much of the anti-control dogmatism. In reaction to communism and the beggar-my-neighbor protectionism of the prewar and immediate postwar years, pundits embraced the mantras of unrestrained laissez-faire, free trade and free markets. Like most doctrinal reactions, that was an overreaction.

At home, many governments have been forced by reality to accept that areas of the economy still need controls. But in the international economy the laissez-faire dogmas still reign supreme. Only in a crisis do some begin to realize that controls are needed, which can then easily destabilize other economies.

Another factor at work is intense informationalization. The media, the Internet, 24-hour news commentary, hedge funds, investment clubs — it all means not just instant but soonballing information.

A morning drop in Japan's Nikkei stock index triggers drops in Asian markets further west, which push the Nikkei index further down by the afternoon of the same day, which then pushes down world markets overnight.

Free market theory depended very much on self-correcting trends in economies, as opposed to the Keynesian theories that it tried to replace, which assumed destabilizing trends, needing

government intervention. But information kills the self-corrections. In today's world, it is quite likely that even Keynesian theory underestimated the destabilizing multipliers unleashed by information flows.

It used to be that a dollar spent or not spent by a firm or person, for example, was supposed to encourage three or four other related firms or people to spend or not spend. Information flows today create a much wider environment of spending or not spending. The multiplier effects are greatly magnified.

This is particularly true for Japan, where economic trends have long been exaggerated, both up and down, by copycat consumers and investors. Today even unbelievably low interest rates and land prices seem unable to shake the pessimism caused by the constant barrage of bad news.

In the West we are beginning to see the same emotional

factors at work. The computer revolution explains some of the astonishing turnarounds in the U.S. and European economies in this decade, but not all.

Massive feel-good factors spread largely by the media are also involved, just as feel-bad factors exaggerated the slumps of the previous decade and will no doubt exaggerate the next round of slump.

A change in doctrines is needed. The free market pundits predicted the failure of Malaysian and Hong Kong governments to defend currency and stock markets. But both states have already seen turnarounds for the better. Even the pundits now seem reconciled to Moscow's rejection of Western-imposed laissez-faire.

Today, not just markets but also out-of-control psychologies need attention. The case for old-fashioned Keynesian intervention is stronger than ever.

International Herald Tribune

Impeachment of Clinton Would Be Wrong for America

By Flora Lewis

PARIS — The issue is no longer Bill Clinton's behavior and evident character flaws. It is about governance and constitutional precedent, not so much the president but the presidency. In what circumstances is the duly registered decision of the electorate to be set aside, invoking the provision for his removal from office?

The paralysis of the White House sex-and-lies scandal is striking not only the United States but all the countries affected by its role in the world.

It is not surprising that in France, where unsanctified sex is no scandal, President Jacques Chirac said: "At a time when the world is confronted with serious political and financial uncertainty, it is essential for all of us that the president of the United States be able to carry out his duties fully." German

and British leaders echoed the thought. Everybody needs to know what Washington is up to. Everybody wants Washington to pay attention to the major problems of wars, nuclear risks and economic distress that are confronting the world.

Is that a reason for Bill Clinton to resign or to be impeached? I say "no." The constitutional precedent is too dangerous.

In American history, only one president ever resigned, because impeachment was almost certain and conviction quite possible; that was Richard Nixon, who faced grave charges of abuse of public power. To expand these grounds to forcing out a president because he has been shown to be a moral embarrassment in his private affairs, and because of his tricky

attempt to avoid admitting them in public, would be a big step toward changing the whole system and opening it to further, more arbitrary reasons for overthrowing an election.

The American system, unlike that of parliamentary countries, relies on fixed election dates that cannot be changed. No lack of confidence can unseat the chosen leader, and if he dies or is unable to continue, there is a clear list of succession determined by the previous election. Recourse is to be found in the next election.

Of course, it is dismaying to find that a president does not live up to the higher than average standards that the country would like to see in its chief representative. Whether people approve of him or not, they want

a president they can respect.

America has had some dreadful presidents, incompetent, dishonest, and the system has survived them because the formal, official decision of the voters is not taken lightly. Mr. Clinton has irreparably tarnished himself, but he is by no means one of the worst.

His difficulty in telling the truth about himself was already on display in his first presidential campaign, and he has not improved. His decision to defend himself with semantic arguments is more of the same, on a level with the tawdry details of the independent prosecutor's report of his dilliance in the corridors of power.

There is something sophomoric about it, a contrast with the energy and earnestness that he brings to public issues like education, health, the budget, foreign affairs. If that becomes a reason to get rid of him, what kind of personal failing or unpopularity might the precedent be enlarged to justify the next time around?

There is a strong undertone of revenge from the right for the ouster of Richard Nixon in this case. The comparison is unwarranted because this is not about the exercise of public power entrusted to the highest office. It is about the sort of man Clinton is, still a kind of defiant baby boomer when much of the country

wants to swing back from the excesses of the counterculture.

He apparently cannot change that part of himself. Too bad for him, but it does not make him a danger to the national well-being. The danger comes if he is rendered incapable of doing the part of his job that he can do. Americans cannot expect to be understood by the citizens of any other democracy if they put distaste for his personal behavior above responsibility for performance in office.

In a way, the whole issue and its salacious insistence public airing is in tune with the violence and sex that have come to dominate entertainment. What are we looking for, what do we reward? The outpouring of admiration for the baseball star Mark McGuire shows how much the country yearns for a hero who epitomizes hard work and skill. But it is not likely to get politicians with the traits it seeks if they risk exposure and disgrace for private habits.

Let Congress vote a reprieve and, or whatever it needs to get this out of the way. It is not a matter of forgiving Mr. Clinton; he is demeaned himself. It is a matter of whether, in the desire to punish him, the country and indeed the rest of the world should be punished by distorting or incapacitating the U.S. political system.

Flora Lewis

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: The Queen Dies

COPENHAGEN — The Queen of Denmark died this morning [Sept. 29]. At her Majesty's bedside were the King, the Dowager Empress of Russia, the King and Queen of Greece. The end was peaceful. The bed was strewn with flowers. The King, who was greatly exhausted by grief, retired to rest shortly after the Queen passed away.

1948: Equal Facilities

OKLAHOMA CITY, Okla. — The racial-segregation restrictions at the University of Oklahoma were ruled unconstitutional by a special Federal court here. The court handed down its decision in a suit brought by G. W. McLaurin, retired member of the Langston Negro University faculty, who tried to obtain admission to the state university. University officials conceded that Mr. McLaurin's race was the only barrier. The court held that the state was under Constitutional obligation to provide Mr. McLaurin with educational facilities equal to those enjoyed by other students.

made by the Cuban president

A FUNCTIONING HOUSING MARKET WILL SPUR GROWTH

The opportunity to own a home is potentially the greatest mobilizer of household savings.

In this decade, the African continent has recorded the world's fastest population growth. A 1996 report by the United Nations Center for Human Settlements (Habitat) indicates that Africa's population will continue to grow at an annual rate of 2.73 percent to the year 2000, resulting in a doubling of the population (to more than 832 million) in just 25 years.

African urban centers are growing at an even faster rate (4.4 percent), according to the UN's Population Division.

The Urban Indicators Program of Habitat, based in Nairobi, reports that Arusha, Tanzania is growing at an annual rate of 9.5 percent, followed by Burkina Faso's Ouagadougou at 9.4 percent. Other fast-growing African cities include Gaborone, Botswana (8.4 percent) and Nouakchott, Mauritania (8.0 percent). The figures are estimates for the period 1990-2000, based on data gathered from 1990-93.

Demand for shelter and services keeps growing
Rapid urbanization, however, has not been matched by socioeconomic growth and its attendant benefits, such as serviced housing.

Says Klaus Töpfer, acting executive director of Habitat and director general of the United Nations Office in Nairobi: "One of the greatest challenges facing Africa is how to provide affordable housing, basic services and infrastructure to the continent's rapidly growing urban population."

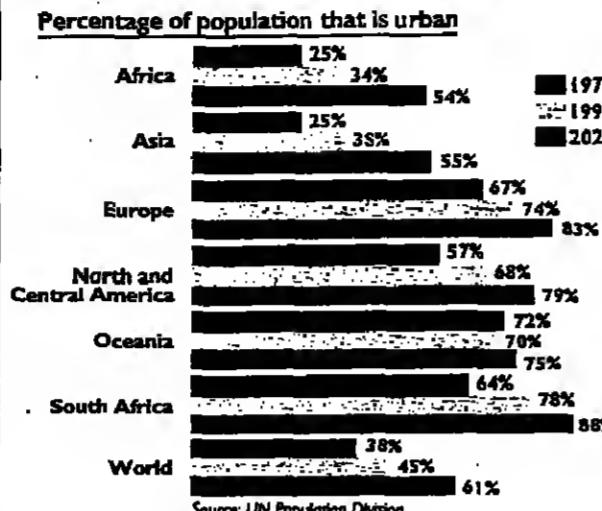
Habitat's Urban Indicators show that African housing is grossly under-serviced. Only 37.5 percent of urban households are connected to water and 12.7 percent to sewage systems. Slightly more (42.4 percent) have access to electricity, while only 11.6 percent have access to a telephone.

While such statistics paint a gloomy picture, they also indicate potential opportunity for filling the demand for the housing and services that are so lacking now.

"Africa," says Mark Hildebrand, Habitat's director for program coordination, "is the last investment frontier." In spite of uncertainties posed by its largely dysfunctional markets, investors are now increasingly looking to Africa's

Still Rural, but Urbanizing Quickly

Africa is the world's least urbanized, but most rapidly urbanizing, continent. A number of cities in Africa have population growth rates of higher than 7 percent. The population of a city growing at a 7 percent annual rate will double in 10 years. At a 9.5 percent rate, city population will double in 7.8 years.



Urban Growth Rate (1990-95)	
Africa	4.4%
World	2.5%

Source: UN Population Division

A NEW CONCEPT OF OWNERSHIP

Communal tenure may be a solution to the problem of tenancy rights.

Africa requires 46.9 million units of housing stock in order to provide adequate shelter for its six-member households, according to a report by the United Nations Economic Commission for Africa and Shelter Africa.

Urban housing stock is growing by 7.5 households for every 1,000 people each year, but the supply is outstripped by ever-growing demand, forcing housing prices beyond the reach of most incomes. The cost of a modest house is about seven times the average annual income, and rent accounts for a quarter of income. Lack of affordable housing in cities has forced half of Africa's urban residents into slums.

Residents of informal settlements are increasingly forming community-based organizations to undertake service provision. The groups solicit donor funding to dig bore holes and install water pumps, for example.

Daniel Biau, senior executive coordinator, Habitat, concurs on the need for regularization of informal settlements, particularly for the unregulated but rapidly expanding rental sector in African towns.

The

so-called slums, rather than flattening them, says Elijah Agyei, coordinator of Shelter Forum, a consortium of non-governmental housing organizations, part of the Intermediate Technology Development Group, which specializes in technology transfer.

To ensure that upgrades succeed, governments must "relax building by-laws, regulations and standards to incorporate indigenous materials," he says.

Daniel Biau, senior executive coordinator, Habitat, concurs on the need for regularization of informal settlements, particularly for the unregulated but rapidly expanding rental sector in African towns.

The high price of housing, he says, has forced many Africans to abandon dreams of ever owning homes. It takes seven years' income for a Kenyan to buy an average house.

Involving the private sector

"Most African governments lack a policy to support the rental sector, putting most of their resources into middle-class home ownership," Mr. Biau says. He argues for a shift in public housing subsidies toward providing incentives to private-sector investors willing to develop low-cost housing.

The middle and upper echelons of housing development should be left to the commercial sector. "Rental housing and provision of water, electricity and telephones present a big investment opportunity in Africa because people are ready to pay for them," says Mr. Biau.

He says, however, that some governments, as in Egypt and elsewhere, have discouraged private sector participation in the housing sector by excessive rent control.

"African governments," Mr. Töpfer says, "must look into ways of creating enabling environments for public-private partnerships to increase investment in shelter. Laws and regulations on access to land and credit should be reviewed, and informal settlement should be regularized."

Catherine Mgendi

Rather than each member of the community seeking individual titles, the community got together and petitioned the government to issue them a communal title, and thus guaranteed security of tenure for the land they had been living on for years.

It worked much faster than the alternative approach. The security of the

arrangement has since given the households in the community the confidence to undertake, systematically if slowly, construction of permanent homes.

Local housing experts say this kind of tenure has other advantages. Because of the established mechanism of ownership, it is less likely that this poor community will be pressured to sell, as often happens. Such a decision is vested in the entire community.

If any household is determined to sell, they are obliged to sell to the community, which can then incorporate new needy households.

Communal land ownership for the Voi community also means a shared responsibility and therefore a less costly financial burden on individual families in developing infrastructure and providing basic services.

There are drawbacks to this new land ownership concept, cautions Elijah Agyei, coordinator of Shelter Forum, under which the Voi initiative was undertaken. Communities are likely to encounter problems when seeking credit, which is presently given on the strength of individual title deeds.

In Nakuru, Kenya, communities are working with municipal officials to simplify house approval, an expensive and cumbersome process.

The initiative was inspired by experience drawn from a housing estate in Nairobi's Komo area, initially intended for low-income families. A 14-month delay in approving the project caused a 100 percent increase in their costs, and today the estate's residents are middle-income earners. C.M.

"BUILDING FOR GROWTH: HOUSING IN AFRICA" is a joint initiative of the United Nations Center for Human Settlements (Habitat) and the International Herald Tribune. It was produced in its entirety by the Advertising Department of the International Herald Tribune.

WRITERS: Jane Borges in London, Catherine Mgendi in Nairobi, and Richard Syng in Cambridge, England.

PROGRAM DIRECTOR: Bill Maher.

Herald Tribune
THE WORLD'S DAILY NEWSPAPER



Southern Africa Trade & Investment Summit Cape Town, December 1-2, 1998

The International Herald Tribune is convening its fourth annual Southern Africa Trade & Investment Summit in December.

Speakers include: President Joaquim Chissano of Mozambique, President Festus Mogae of Botswana, Deputy President Thabo Mbeki of South Africa and Prime Minister Geingob of Namibia.

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THE WORLD'S DAILY NEWSPAPER

CHANGES IN LAND LAW HELP URBAN DEVELOPMENT

Reforms in Uganda and Tanzania bring hope of increased security of tenancy.

Ongoing attempts to rationalize the land laws of Tanzania and Uganda bring some hope that millions of urban dwellers in these countries can gain more security of tenancy or home ownership. This should eventually open up the possibility of better service provision, improvements to living conditions and more widespread home ownership.

Law reform in itself can be only a partial answer — especially in an environment where few people have recourse to the legal system to establish their status, whether as tenants or homeowners.

Both these East African countries also need to develop a framework of financial and other services dedicated to the development of better housing across the board. At present, such facilities are available only at the top end of the market and have little relevance for most inhabitants of the more densely populated cities.

Without legal status
A change in the law can nevertheless have some far-reaching consequences. Dar es Salaam, for example, is home to about 3 million people, of whom it is estimated that 70 percent are currently without formal legal status, even if they pay rent on a regular basis or have built their homes themselves.

Until the law is brought into line with reality, the status of most citizens in Dar es Salaam is technically that of squatters, vulnerable to the whims of landlords and government agencies. Regularizing the status of Tanzania's city dwellers is one of several important changes to the country's land laws likely to be considered by the country's Parliament in the coming weeks.

The new law is expected to fall in line with the 1995 national land policy adopted by President Benjamin Mkapa's government, which promised to recognize squatters' rights and to upgrade squatter areas.

Those currently deemed to be "squatters" hope to be granted new rights of occupancy on 99-year leases. But even with more secure tenancies and leases, much remains to be done to bring better services to Dar es Salaam's large metropolitan area.

Only 37 percent of homes have electricity, and houses are more likely to have a telephone than running water. Such has been the rate of growth of the city in recent years that 40 percent of homes do not have access to clean drinking water.

Many Dar es Salaam residents live more like rural villagers, and no less than 524 square kilometers (200 square miles) of the city's land area of 1,393 square kilometers is

Access and Affordability

Urban households in Africa need to save about 7 percent of income to buy a house, or spend a quarter of monthly income on rent. What kind of shelter does this buy? Only 60 percent is considered durable, and 49 percent is not in compliance with land and building regulations.



devoted to agricultural production, a very high percentage by African standards.

The new law alone, however, will not protect residents from powerful planning pressure to change current patterns of land use or to redevelop large areas of Dar es Salaam.

Needed: accountability for planners

One of the government's land-law advisors, Patrick McAuslan, a professor at Birkbeck College in London, says that Tanzania's existing urban planning laws, inherited from the 1950s, are also in urgent need of revision to make the activities of government planners and real estate developers more accountable.

In Uganda, where there is less urban population pressure than in Tanzania, the security of tenants and home owners has already been enhanced by Parliament's recent passage of a new land act. Although the act drew much criticism for its apparent facilitation of land consolidation and mechanized agriculture by foreign investors, it does provide better security for those deemed "tenants at will," many of them in urban areas.

Most of the housing market in Uganda's capital, Kampala, is in private hands, and since the national economy began its strong recovery five years ago, much investment has gone into improving the city's housing stock. Electricity is installed in 41 percent of homes, and there is running water in 30 percent, while regular drinking water is available to 87 percent.

The land law alone will not necessarily favor the 50 percent of the Kampala's population, who are not home owners. Rapid increases in land values have put pressure on the cost of rent and services. Other legislation may have to be revised to ensure that the needs of the poorer inhabitants are not ignored as the Ugandan economy continues to grow.

"As centers of economic activity, cities will need to efficiently provide infrastructure and services for all segments of the population, the bulk of whom tend to be low-income and poor," says Alioune Badiane, who heads the regional office for Africa of the UN Center for Human Settlements' Urban Management Program.

Richard Syng

CITIES ARE WEALTH GENERATORS

A new measure of the economic product of cities shows that their capacity for creating wealth is greater than that of their national economies.

The City Product measure, developed by Habitat, can best be described as the "gross national product" of cities, according to Christine Auclair, an adviser

to the Urban Indicators Program. Ms. Auclair says the measure shows that cities, African ones included, are on average 10 percent more productive than their national economies.

In Africa, cities generate 29 percent more wealth than their national economies. In sub-Saharan Africa, average City Product was \$683, while the GNP was \$555 in 1993.

Harare's product per capita was found to be \$2,370, compared to Zimbabwe's GNP of \$520. Nairobi's was \$744, with Kenya's GNP at \$270, and Kampala's was \$430, compared to a \$180 GNP for Uganda.

C.M.

BUILDING FOR GROWTH: HOUSING IN AFRICA

CLEANING UP THE KORLE LAGOON

Consultation with residents is key for the Accra Sustainable Program.

The sprawling city of Accra, Ghana's administrative and commercial center, has a population of 1.8 million engaged in a mixture of activities ranging from construction and manufacturing to real estate and insurance that together contribute 15 percent to 20 percent of Ghana's gross domestic product. The city's rapidly growing population is young — 41.5 percent were under the age of 15 in 1990.

Growth pressure
Accra's population and spatial growth are contributing to its environmental problems as people spill over into areas unable to withstand the sheer scale of their demand.

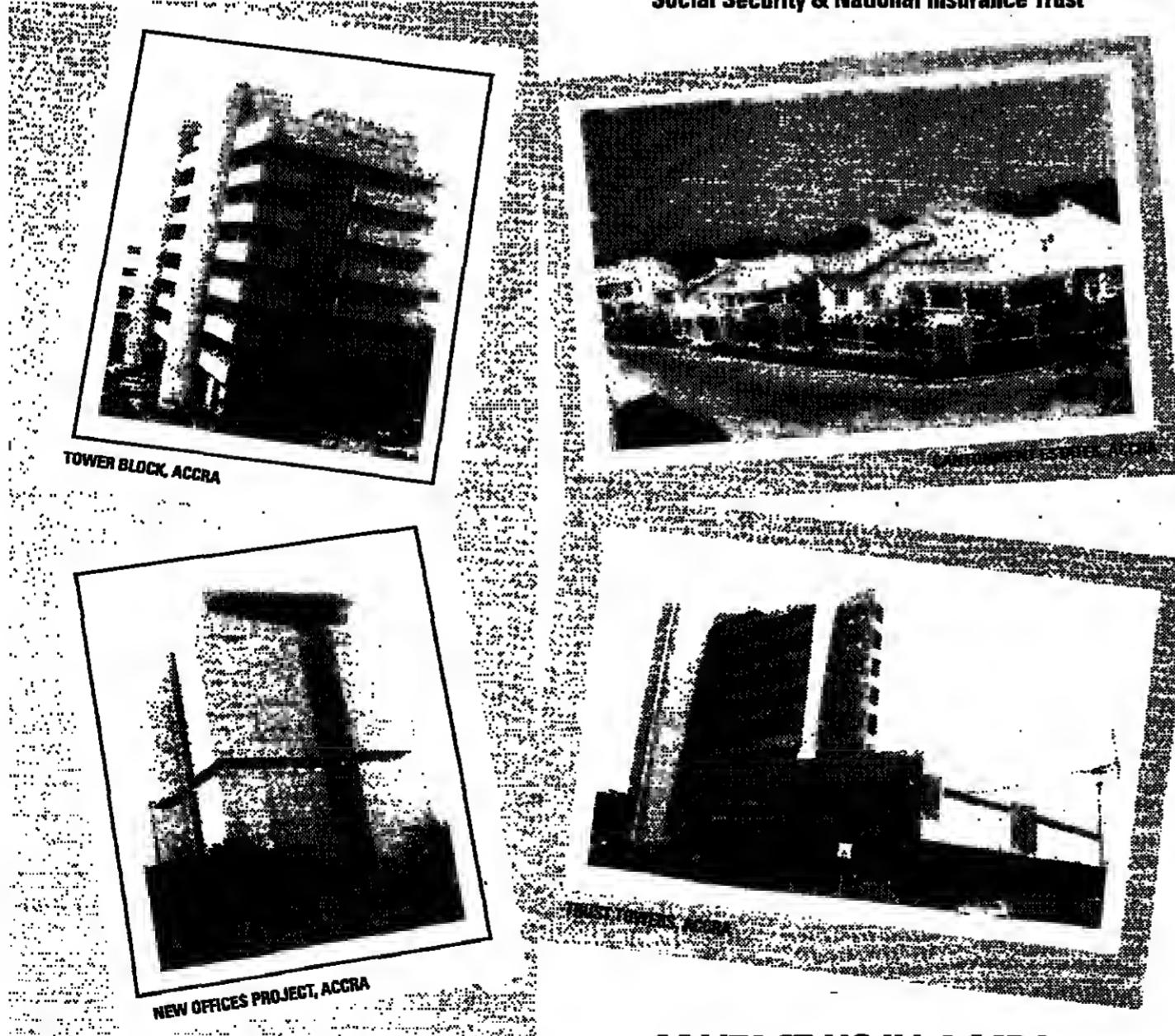
This means that a large number of Accra's people live in high-density neighborhoods in poor-quality housing, characterized by an absence of, or inadequate, sanitation and other municipal services. In addition to having to live with manmade hazards — including the results of poor management of refuse and human-waste disposal, noise pollution and deforestation — residents have to contend with natural hazards such as earthquakes, erosion, flooding and soil instability. Ways to ease or solve the problems are always being sought.

The Accra Sustainable Program was introduced to Ghana in 1994 in an agreement between the government of Ghana and the Sustainable Cities Program to improve the way local authorities and municipalities deal with environmental planning and management. Sustainable Cities is a joint program of the United Nations Center for Human Settlements (Habitat) and the

HELPING TO FACILITATE HOUSING AND OFFICE DELIVERY.

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A PARTNERSHIP TO BUILD LOW-INCOME HOUSING

In Ghana, the government is acting as a facilitator for the private sector.

While the Economic Recovery Program introduced in Ghana in 1983 to liberalize the economy led to greater private sector involvement in housing provision, housing in urban areas remained expensive and out of reach for most people, until a government-initiated pilot scheme began to provide affordable housing in low-income areas.

Ghana's social security trust, real estate developers and banks are cooperating to provide affordable housing in low-income areas

Under the initiative, private real estate developers have been organized under the umbrella of GREDA. The government assists GREDA in acquiring credit, serviced land and local building materials.

The government, the World Bank, Merchant Bank (Gh) Ltd. and SSNIT set up the Home Finance Co. (in which SSNIT has a 17.92 percent interest) for the purpose of raising capital for organizations and individuals to develop a range of housing units. SSNIT, using index-linked bonds, channels funds to the Home Finance Co.

SSNIT acquires land from the government Lands Commission and puts the infrastructure in place before passing the lands on to GREDA and to other organizations and individuals to build housing units.

Commercial banks, such as the Bank for Housing and Construction (in which SSNIT has a 10 percent interest), furnish GREDA members with construction finance, and once completed, the properties are then purchased by the Home Finance Co. for mortgages.

Part of the government policy provides for increasing financial support from low-income householders, through their savings, for the financing of housing units. J.B.

'SAFER CITIES' IS FOCUS OF WORLD HABITAT DAY

Governments, community organizations and individuals around the world will mark World Habitat Day 1998 on Oct. 5 with a variety of national and community-level events focusing on this year's theme, "Safer Cities." The Municipality of Dubai, United Arab Emirates, will host the major World Habitat Day celebration.

The lagoon is a main runoff receptacle for many of the city's large drains carrying industrial and domestic waste. Despite being fully dredged in the early 1960s and partially dredged in the mid-1970s to allow for a greater volume of floodwater, pollution has continued to increase in and around the lagoon.

The increased pollution is

where the urban poor are deprived of basic services and security of tenure leads to social frustration, which can lead to a culture of violence. Measures that protect urban communities from deprivation, unemployment, homelessness, illiteracy, injustice and social disintegration will ultimately also protect them from crime and violence."

World Habitat Day also gives the community of states the chance to share not only experiences from their successful initiatives but also the problems they have encountered in trying to provide adequate shelter and basic services to all during the year. On Oct. 5, successful initiatives will be recognized by the Habitat Scroll of Honor Awards and the Dubai International Award for Best Practices in Improving the Living Environment. The Dubai award for best practices includes a \$30,000 prize.

For further information, contact: Christina Engfeldt, chief of Information and External Relations, United Nations Center for Human Settlements (Habitat), P.O. Box 30030, Nairobi, Kenya. Tel: (254 2) 62 3067. Fax: (254 2) 62 4060. E-mail: habitat.press@unuchs.org

On the Web: Habitat: <http://habitat.unuchs.org/unuchs/home.htm> Best Practices Program: <http://www.bestpractices.org> (\$50 for one year of access to the on-line database.) Global Urban Observatory: <http://www.unhabitat.org/guo>

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مكانت من الأدلة

STAGE/ENTERTAINMENT



Ballet in China offers the visual excitement of Chinese opera without its esoteric codes and rituals.

Passion Drives Ballet in China

By Alison Dakota Gee

HONG KONG — At a time when most of the performing arts in China are suffering from shrinking audiences and a serious lack of financing, one has experienced a revival of national passion. When the National Ballet of China opened a weeklong run in Hong Kong recently, its six performances were sold out for weeks, and a buzzing audience crowded the massive Cultural Center's Grand Theatre to see the company perform its classic "The Red Detachment of Women."

This is China's own particular — some say peculiar — brand of ballet, a Western art form that the country has claimed and adapted as its own. In a marriage of Cultural Revolution principles and pirouettes, the 150-minute "Red Detachment" tells the story of a peasant girl who rises from slavery to join a crusading, all-female company of Red Guards to defeat the evil landowner who once enslaved her.

Ballet in China is a window to the West, while offering the visual excitement of contemporary Chinese opera (which includes astonishing displays of Chinese acrobatics) without its esoteric codes and rituals.

A key to Chinese ballet's growing popularity is its interest in telling homegrown stories. Now 72 dancers strong, the National Ballet has earned

renown for its inventive original repertoire of several Chinese ballets, including "Maid of the Sea," and has become a sort of traveling sociology, a dance form that offers insight into the mores and ideology of the culture and the times in which they were created.

Baller has had a passionate 45-year history in China. The Beijing Dance Academy, the first to include ballet instruction, was founded in 1954. The National Ballet followed in 1959, supported by a most illustrious patron, Prime Minister Zhou En Lai. "The company was very important to Mr. Zhou — he even knew every dancer's name," said Zhao Ruiping, one of the troupe's first soloists and now its director.

In the 1950s, when Chinese-Soviet relations were at their closest, such ballet masters as Pyotr Illych Tchaikovsky came to China to establish and run the academy. The ballet masters drafted students from all over the country, using strict Russian guidelines to determine which children were suitable for the school. The dancers not only learned ballet; they also had to master martial arts, folk and classic dance — all of which were incorporated into the spiritual breed of Chinese dancing.

During the Cultural Revolution, the company fell on hard times. Some dancers were marched off to remote farms and forced labor. Others were commanded to change their names to those more in line with communist ideology. But the company was saved from obliteration by two main factors: the

zealous patronage of Jiang Qing, Mao Zedong's wife, and the troupe's commitment to telling stories that touched the heart of their audiences.

For the National Ballet of China, understanding the texture and strife of ordinary comrade life proved vitally important. To develop an authentic story line for the military-themed "Red Detachment," the company went so far as to live with a battalion of female soldiers, staying in their barracks for a week, exchanging their ballet shoes and leotards for army boots and fatigues, and following their routines exactly.

ZHAO recalls: "If the soldiers had to get up at midnight and fire rifles, we had to do the same." For the short ballet piece, "Factory Worker," the dancers went to a sewing sweatshop. They not only learned to stitch clothing, they said, but also came to understand the dreams, hopes and fears of factory women.

Today, the Beijing-based company tours the major cities and the remote provinces of China. Performances, often attended by entire families, are mostly sold out. "Chinese ballet is unique because we use our own Chinese thinking to give the audience something special," Zhao says smiling. "Our country is now rising in the world, and our ballet company would like to go with it."

Alison Dakota Gee is a journalist based in Hong Kong.

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The Met Opera Seeks Benefactors

By Ralph Blumenthal
New York Times Service

NEW YORK — With 26 donors already giving or pledging at least \$1 million each, and one as much as \$25 million, the Metropolitan Opera has opened its largest endowment campaign ever, aimed at more than doubling its nest egg to \$400 million over the next three seasons.

Half of the \$200 million goal has already been raised or promised, said James Kinnear, chairman of the Met board and the campaign. Kinnear is also a former president of Texaco Inc., which has pledged \$10 million.

The announcement of the fund-raising drive was keyed to a gala dinner Moody night after the season-opening production of "Samson et Dalila."

"I'm going to be seeing each and every one of you," Kinnear, interviewed before the dinner, said he wanted to tell benefactors, who already give \$65 million a year to close the gap between operating expenses of \$165 million and ticket sales and other revenue of about \$100 million. "You don't get this kind of money a dollar at a time."

By almost any measure, the 115-year-old company is in enviable artistic and financial shape, selling 92 percent of its seats on average and renewing a record 88 percent of annual subscriptions at a difficult time for many companies in the arts. But with the present endowment of \$71 million, barely equal to a year's expenses, "there is tremendous pressure on annual fund-raising," said Joseph Volpe, the Met's general manager.

The larger endowment, he said, would yield greater interest income to stabilize ticket prices, help cushion the Met against economic downturns and provide the financial security to continue the company's broadcasts, tours, free outdoor concerts and youth programs. The money would mean "even greater successes to share with our public," Volpe said.

The largest gift so far is coming from Alberto Vilar, an investor in computer and medical technology who grew up in Cuba and Puerto Rico and has quietly become one of the most generous benefactors in the Met's history.

VILAR, founder, president and portfolio manager of Amerindo Investment Advisers Inc., is committed to giving the endowment \$20 million over five years plus another \$5 million in challenge grants that match contributions by others. In response, the Met has renamed the concert hall's grand tier level for him. Vilar is a member of the Met's managing board and a vice chairman of the endowment campaign.

"I love opera," he said recently in an interview in his firm's conference room.

Vilar's past gifts and future commitments to the Met amount to nearly \$40 million, putting him in the league of Sybil Harrington, the Texas oil heiress and philanthropist regarded as the Met's greatest individual donor, who died this month in Phoenix at 89. Beginning in the 1970s, she gave more than \$30 million, including a \$20 million gift to the last endowment campaign in 1980, which had a goal of \$10 million.

Other significant donors have been Abby Aldrich Rockefeller, the wife of John D. Rockefeller Jr.; J. William Fisher, through his Gramma Fisher Foundation; Lila Acheson Wallace, and Francis Goetz, who died this year and left the Met a bequest yet to be evaluated.

Part of the \$10 million gift from Texaco will support a new city school program that exposes children to opera and uses music to help develop educational skills. Texaco is the Met's most identifiable backer, having sponsored nearly 59 years of Saturday afternoon radio broadcasts for about \$150 million.

STAGE/ENTERTAINMENT

Kidman and the Classic No Breathing Space in Hare's Update of 'La Ronde'

By Sheridan Morley
International Herald Tribune

LONDON — I have somehow failed to catch the Nicole Kidman fever. In the first place, as she was a talented and hardworking Australian stage actress long before she married Tom Cruise or made Hollywood movies, it seems curiously patronizing to express amazement that she can skip lightly through the half-dozen sketchy playlets to which David Hare has reduced Arthur Schnitzler's "Reigen," better known to us as "La Ronde," in "The Blue Room" (Donmar Warehouse).

Her achievement in doing this can scarcely be compared to the much greater risks successfully run by such other Hollywood stars who have lately turned up in London as Kevin Spacey in "The Iceman Cometh," or even Juliette Binoche in a loo-lost Pirandello. Written at the end of the last century, "La Ronde" has never been lost, and in his update Hare has presumably intentionally, abandoned one of its greatest strengths.

What links the short black-out scenes in the Schnitzler original is that, as we follow 10 social-stereotype characters through two sexual encounters each, they are passing venerable disease on to each. If that now seems somewhat dated, surely AIDS would have been an almost exact contemporary parallel.

But Hare doesn't bother with any of Schnitzler's subtext, despite the fact that it has hitherto been the most interesting thing about "La Ronde," and was presumably the reason why it had to wait 20 years for a public performance. Instead, he contents himself with some very minimalist sketches, stripped of any supporting characters; in 90 no-interval minutes we get Kidman and her widely overlooked



Nicole Kidman in David Hare's "The Blue Room."

Mendes, to make us believe that every time they start a sketch the rabbit may finally be about to emerge from the hat. It never does.

At a time when Terry Johnson is regularly reminding us in such plays as "Dead Funny" and his current "Cleo, Camping, Emmanuel and Dick," that virtually all star British comics of the 1960s came to lonely ends, it is good to report that Ronnie Barker remains happily Hale and hearty, having abruptly retired a decade or so ago at the height of his fame. In a remarkable act of futility, he has now turned his actress daughter Charlotte a play, "Mum" (at the King's Head), which turns out rather to be a 90-minute monologue, occasionally interrupted by the ghosts of her dead father and boyfriend, while her equally unseen dead mother remains an unseen but handy stage-audience presence in an armchair.

Unfortunately Barker's considerable talents as a television sketch writer do not survive over the long haul on stage; nothing very much happens in act one or two, and then there is a sudden avalanche of plot in the last five minutes.

Better news at the Tricycle, where Roy Williams's "Starstruck" is that old favorite, the one about leaving a distant home for the bright lights of the big city. In this case, home is Jamaica in the 1970s, at a moment when Stewart Granger supposedly descends on a remote community and persuades a likely lad that there might be a world elsewhere. As usual the visitors return home and the local community remains, well, local, but Williams's considerable achievement here has been to build us a family we can really care about, from the ancient car-restoring father to the cool man son, Martin Cole and Eddie Nestor star in a sun-and-shadow production of elegiac intensity by Indhu Rubasingham.

LONDON FASHION

After the Storm, Geometric Calm

By Suzy Menkes
International Herald Tribune

LONDON — Between straight geometric lines — vertical, horizontal and diagonal — British fashion has reached its zen. Whereas the city used to be known only for wild exuberance, some of the most striking shows now exude a fashion calm.

No one does graphic modernism better than Hussein Chalayan. His spring-summer show hit perfect pitch — not least with its choral singers, whose echo-chamber sounds were a counterpart to the linear, monochromatic clothes.

Through the white studio, walked models whose clothes were black, white or gray, with each outfit like a positive/negative version of the other. So a simple dress, sculpted out of crepe, would have a collar curving to the left. Its mirror image would then appear, curving to the right. Here a narrow line of sheer fabric bisecting the front; there the same effect slicing through the back.

To emphasize the visual symmetry, cuboid of spherical Perspex headgear appeared above dresses with abstract blocks of pinstripes.

Tricky? No, the effect of this poetic geometry was the opposite, for Chalayan used his exceptional cutting skills to make the complex seem spare and simple — even when a confection of gauzy white fabric was unfurling at the front.

His finest achievement was to make the clothes at the same time avant garde and accessible. Using basic modern shapes — tunics with pants or knee-length dresses and skirts — the designer even gave his modernist touch to denim.

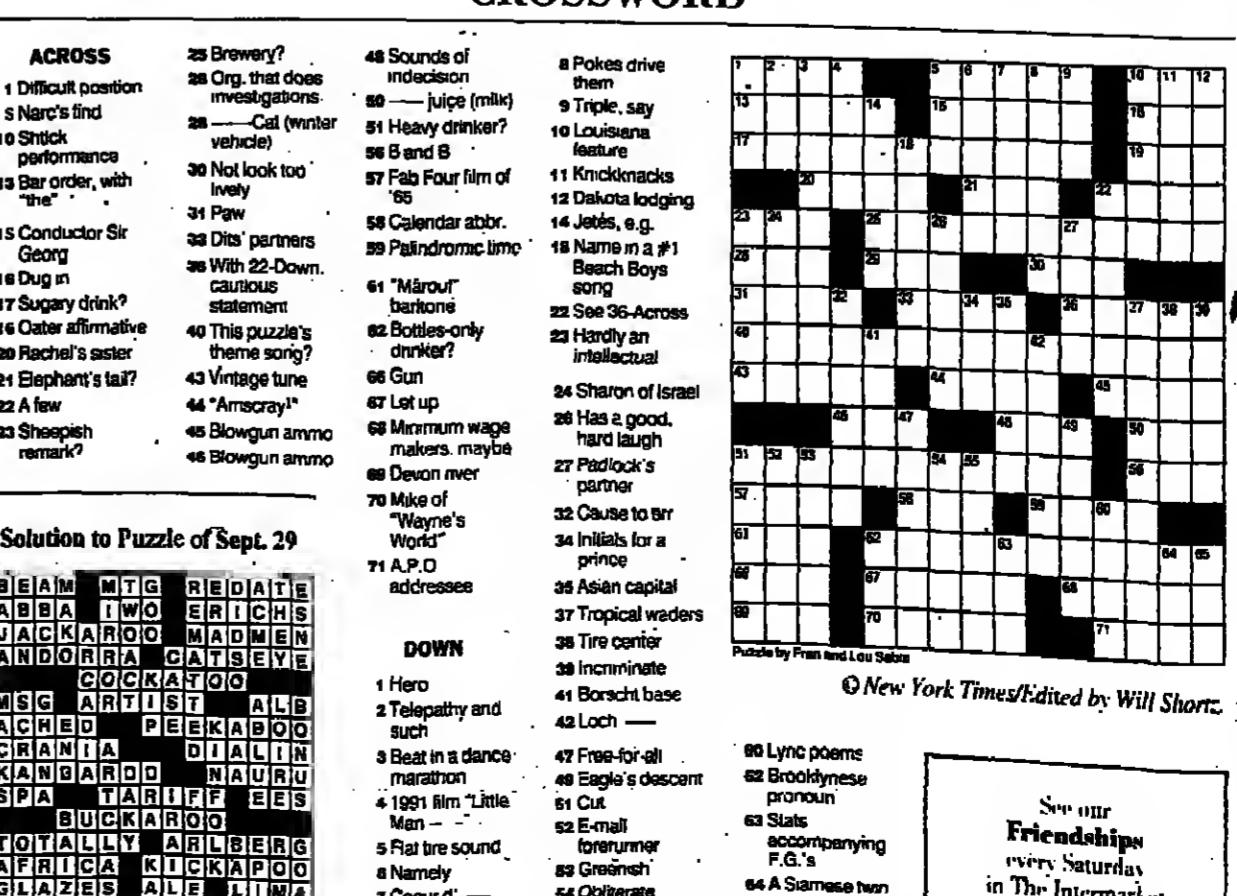
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Christopher Moore/Andrea Thompson

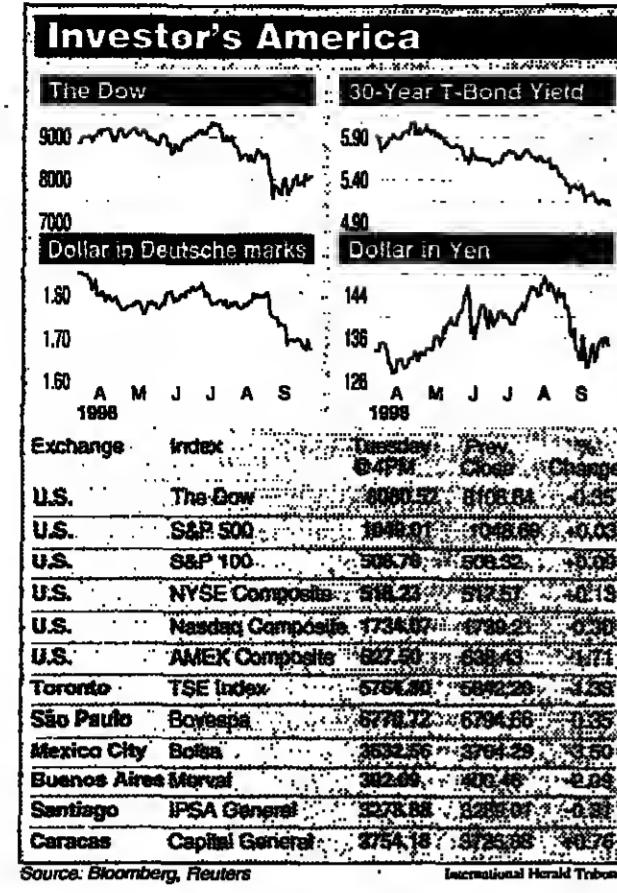


Christopher Moore/Andrea Thompson

CROSSWORD



THE AMERICAS



Analysts Fear Another Big Hedge Fund Is Tottering

By Joseph Kahn
and Peter Truell
New York Times Service

NEW YORK — Even as a consortium of big Wall Street banks completed a huge-scale rescue package for Long-Term Capital Management, investors' anxiety about a second hedge fund in possible trouble because of bad bets in turbulent markets.

Questions about the financial viability of Convergence Asset Management centered on whether the fund had made the same kinds of miscalculations as Long-Term Capital. Both funds, based in Greenwich, Connecticut, are run by former star traders at Salomon Brothers Inc. and use similar strategies.

There were some signs that rich investors, scared by huge losses at Long-Term Capital, were reassessing their investments in hedge

funds, the large and lightly regulated pools of capital that have drawn intense attention in recent days. Congressional committees scheduled hearings for Thursday into what happened at Long-Term Capital and whether it posed a risk to market stability.

"We're still in business," Andrew Fisher, the managing partner of Convergence Asset Management, said. "We have taken some body blows, but we have not fallen to the mat. We have met every margin call, and we still have a reasonable amount of free cash for just this type of event."

While he refused to say how much Convergence's capital had declined from an original \$500 million, Mr. Fisher emphasized that his fund, formed in March, remained liquid, maintaining about 25 percent of its resources in cash. Outflows are not a problem, he said, as investors

are committed to a nearly three-year term.

Analysts told Bloomberg News that while some other prominent hedge funds faced a disappointing month in September, they did not expect any to come close to collapsing as Long-Term Capital did.

"A lot of funds have been hurt a little," said Hunt Taylor, executive director of Tase Management, a hedge fund consultancy, "but only a few funds have been hurt a lot."

Wall Street lawyers representing the consortium of banks and brokerage firms that rescued Long-Term Capital Management hammered out a final agreement Monday night.

The rescue plan, originally put at \$3.5 billion, may now be running as high as \$3.65 billion.

Participants in the rescue operation, hastily arranged last week at meetings orchestrated by the Federal Reserve Bank of New York,

agreed to buy 90 percent of the fund, which is running out of money to support its billions in market bets.

The 16 firms — which have appointed Goldman, Sachs & Co., J.P. Morgan & Co., Morgan Stanley, Dean Witter, Travelers Group and the Swiss banking company UBS AG as their oversight team — transmitted the funds to Long-Term Capital Monday.

"It's a very unhappy set of circumstances," said a senior Wall Street executive involved in the bailout, who refused to be identified by name.

The rescuing institutions have agreed to commit their capital for as long as three years, according to people involved in the effort.

Their objectives are to reduce the size of Long-Term Capital's enormous portfolio of securities, derivatives and forward contracts — positions that at the end of August

totaled \$1.25 trillion.

The three-year time frame for completing that task reflects the reality that Long-Term Capital had made such heavy bets in some bond and equity markets that liquidating its portfolio all at once would almost certainly send prices sharply lower in already fragile markets.

The senior Wall Street executive involved in the bailout said Monday that his firm's key goal was to put the best risk-management people in place at Long-Term Capital.

"We want to have the best possible chance to protect the capital we put in," he said, "and hopefully get out with a profit." He emphasized that the three-year commitment should allow time to turn Long-Term Capital's fortunes around.

He said he saw no alternative to the Fed-organized private-sector rescue, but he said many of his Wall Street colleagues disagreed.

Dollar Drops Against Yen On Talk of G-7 Intervention

Bloomberg News

NEW YORK — The dollar fell sharply against the yen Tuesday on speculation that the Group of Seven leading industrialized nations would agree this weekend to prop up the Japanese currency.

A report from the Kyodo news agency said G-7 officials would arrange cooperation in bolstering the yen.

At the annual meeting of the body and the International Monetary Fund in Washington, that followed comments Monday by Treasury Secretary Robert Rubin, who said the weak yen was "a great concern."

"There are concerns the yen is going to be on the table for G-7 discussions this week," said Jim Phoenix of CIBC Wood Gundy. "That brought dollar-yen lower."

In 4 P.M. trading, the dollar was at 134.60 yen, down from 136.12 yen Monday.

The yen has fallen against the dollar this year as the Japanese economy has endured its worst recession since World War II. The weak yen makes Japanese exports cheaper than those of its neighbors, which could lead other countries to devalue their currencies to stay competitive.

Kyodo, citing an unidentified "international financial source," said the G-7 was concerned that a

weak yen would put pressure on the Chinese yuan and other Asian currencies.

A devaluation of the yuan could depress worldwide consumer demand because it would reduce the purchasing power of the world's most populous country.

The dollar also dropped to 1.6748 Deutsche marks from 1.6762 DM, to 5.6146 French francs from 5.6203 francs and to 1.3880 Swiss francs from 1.3893 francs.

The pound rose to \$1.7085 from \$1.7063.

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New Data Show Loss for Cendant

Continued from Page 1

Bloomberg News

CORRISPPANY, New Jersey — Cendant Corp., a marketer and franchiser stung by accounting fraud, said that it lost \$217.2 million last year, instead of earning a net income of \$55.5 million as it had reported earlier, after the company restated its earnings.

Cendant, owner of such brands as Howard Johnson and Avis, is complying with a request by regulators that it update accounting practices of a unit that sells discount shopping and other services to fee-paying members.

"Unfortunately, the commission has once again failed to place the interests of consumers first," said Jerry Brown, a US West spokesman.

The FCC said the alliances of US

West and Ameritech with West

violated a provision in a 1996 tele-

communications law that bars a Bell

company from providing long-distance service to its own customers.

U.S. Bars Phone Alliances

The Associated Press

WASHINGTON — Regional Bell telephone companies that want to sell long-distance service provided by another company to their local phone customers have received bad news from U.S. regulators: The practice is illegal.

US West Communications Inc. and Ameritech Corp. — both Bell companies — were told by the Federal Communications Commission on Monday that their separate alliances with Qwest Communications Corp., a long-distance company, violated U.S. law.

The FCC's decision, if upheld, would have implications for other

Bells that want to enter into similar alliances to offer customers one-stop shopping for local and long-distance services.

US West said it would appeal the FCC's decision. Ameritech is considering its legal options.

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The International Herald Tribune World Stock Index tracks the U.S. dollar value of 280 nonconvertible investable stocks from 25 countries.

Compiled by Bloomberg News.

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RATES: Fed Eases to Ward Off Crisis

forces because of "dislocations abroad."

Last week, he told the Senate Budget Committee that since August, "desterilizing foreign economies and the spillover to domestic markets have increased the possibility that the slowdown in the growth of the American economy will be more than sufficient to hold inflation in check."

Mr. Kahan noted that "from July to now, there has been a 180-degree change in attitude" at the central bank.

Stock and bond prices began adjusting for a rate cut by early this month. Interest rates in the Treasury bond market have been falling steadily since late July, with the yield on the bellwether 30-year bond dropping to 5.09 percent late Tuesday from more than 5.70 percent last month and 5.15 percent Monday.

While the Fed has been concerned about events overseas, the U.S. economy has remained strong, expanding at a faster rate than has been considered compatible with keeping inflation in check. After expanding at a 5.5 percent rate in the first quarter and 1.6 percent in the second, the economy is on track to grow as fast as 3.5 percent for the year, and unemployment was a low 4.5 percent in August.

One sign of potential trouble was contained in the Conference Board's consumer confidence survey for September, which was released Tuesday. The index fell to 126.0 from 133.1 in August.

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NYSE

Tuesday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere
The Associated Press

The Associated Press.

Nationalwide prices not reflecting late trades elsewhere.
The Associated Press.

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Continued on Page 18

NASDAQ

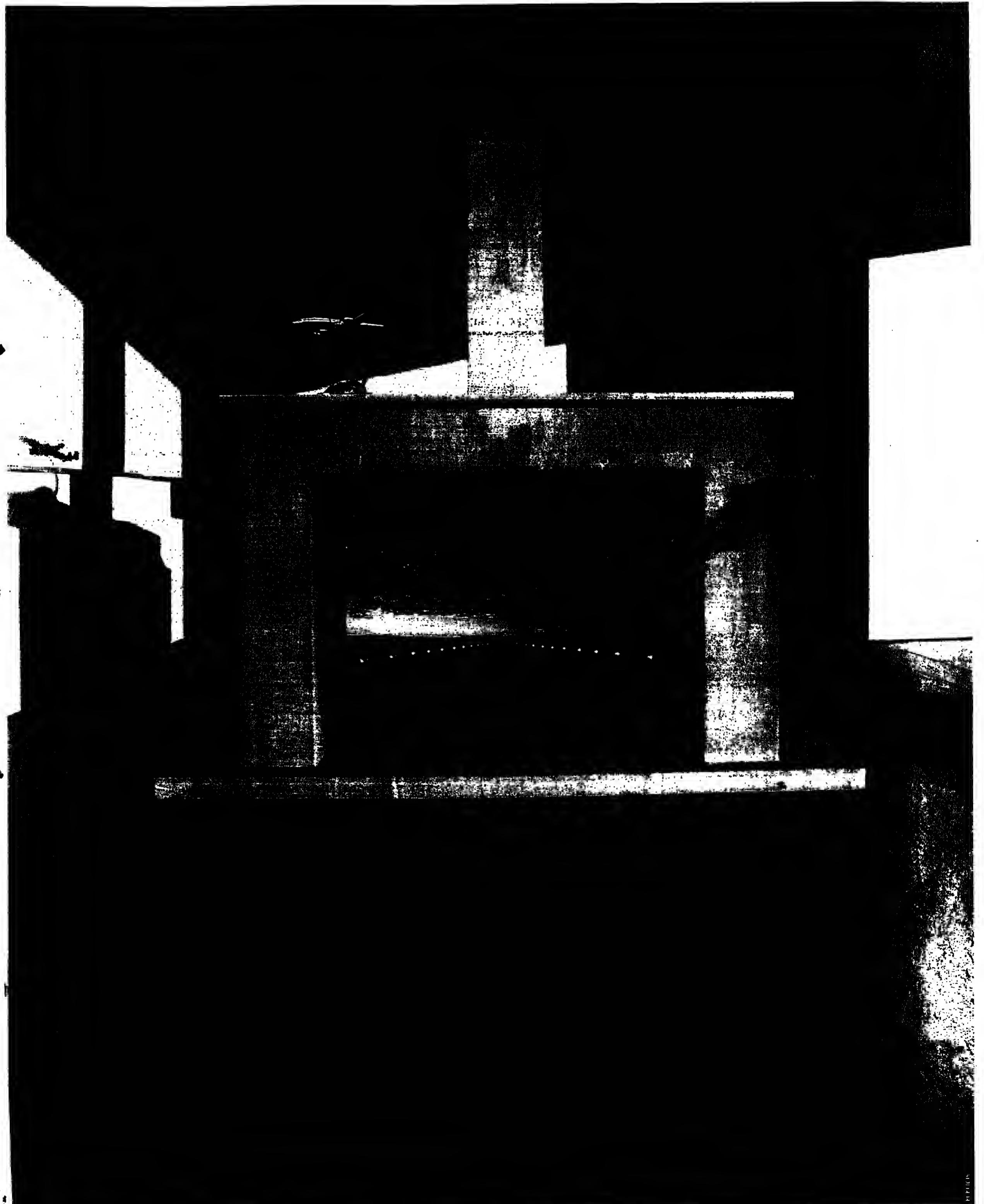
Tuesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

NYSE

Tuesday's 4 P.M. Close
(Continued)

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Well, why not? Why can't things be different? After all, nothing new could ever be created if someone didn't think of it first, and dreaming up those possibilities is every bit as fascinating as where they lead. If you expect your banker to look beyond the obvious, perhaps you should talk to us. You'll discover that we're not just any bank, but the right bank for you.  **UBS**



EUROPE

EMI Dogged by Rejection and Motherhood

By Laura Board
Bloomberg News

LONDON — This has not been a good year for EMI Group PLC. EMI, the world's fifth-largest music company, has seen sales in major markets slump, has lost a suit and faces the impending mothballing of half of its top-selling act, the Spice Girls.

EMI has also failed to strike a chord with investors. Its shares have fallen 26 percent since the end of March, including a 5 percent drop after a profit warning Sept. 21 suggested its problems were worsening.

Investors have bid down EMI's value to £2.9 billion (\$4.95 billion) from the year's peak of £4.8 billion in April, when the company announced it was talking to suitor.

The buyer, reportedly Seagram Co., shunned it in favor of PolyGram NV. Analysts say EMI probably faces a solitary future until its shares drop further.

"There were lots of people that were supposedly interested," said

Nigel Reed, an analyst at Paribas Capital Markets. "Maybe they're still interested, but the outlook has changed quite dramatically. Things have declined even further in Asia. There's been a massive drop in South America. Without a bid, there's probably even more downside."

EMI derived a quarter of its sales last year from Britain and the same amount each from the rest of Europe and North America. It got almost one-fifth of its sales from the Asia-Pacific region, though just 3 percent of its profit.

The company said last week that a further deterioration in Southeast Asia and slumping Brazilian sales would cut operating profit by about 20 percent for the six months ending Wednesday. First-half sales in Asia, excluding Japan, will fall 15 percent, while Latin American sales will drop 6 percent. Only the United States performed better than expected in the first half. Sales there are expected to rise 9 percent.

Sales in Germany, France and Britain, Europe's three largest economies, were flat. Analysts said European sales might begin to fall as U.K. consumer spending slowed and in the absence of the hit albums from the likes of the Spice and the Spice Girls that raised sales the year before.

"The market looks pretty dire out there, and they're doing much to rectify it," said Anthony de Larinaga, an analyst at Panmure Gordon, who has a "hold" recommendation on the stock. "Really, its valuation isn't that low, the light of a flat, if not declining, world market."

Last week's warning prompted

analysts, including Angela Maxwell of Sutherland Ltd., to cut their earnings forecasts. Most expect sales this year to fall at least 5 percent from last year's £2.4 billion and profit to plunge with it.

"I have radically downgraded my forecasts and was already at the bottom end," said Ms. Maxwell, who has a "sell" recommendation on the stock. "There's no clear bidder in the market for EMI with Seagram having taken out PolyGram. I don't think things are going to get better."

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Possible buyers for EMI appear to be retreating. Germany's Bertelsmann AG on Monday played down a report in *Daily Variety* that a management board member, Michael Dornemann, who also heads its music division, would be interested in EMI, though only at less than its current market price. EMI's shares fell 4 pence Tuesday to close at 371.

A Bertelsmann spokesman said Mr. Dornemann's comments had been "hypothetical."

A merger of the two companies would almost certainly pose regulatory problems anyway. The enlarged company would have about 40 percent of the German market and about a 37 percent share in Britain.

Walt Disney Co., once seen as a prime contender for the company, is regarded as unlikely to make a move while it grapples with problems in Asia and a sagging share price. Disney's shares have dropped 25 percent in the last six months. Viacom Inc., meanwhile, is expected to concentrate on its existing media businesses rather than expand into new areas.

Peugeot Plans Link With Ford

Reuters

PARIS — PSA Peugeot Citroen SA of France and Ford Motor Co. of the United States said Tuesday they would join forces to develop diesel engines as borders continued to crumble in the global auto industry.

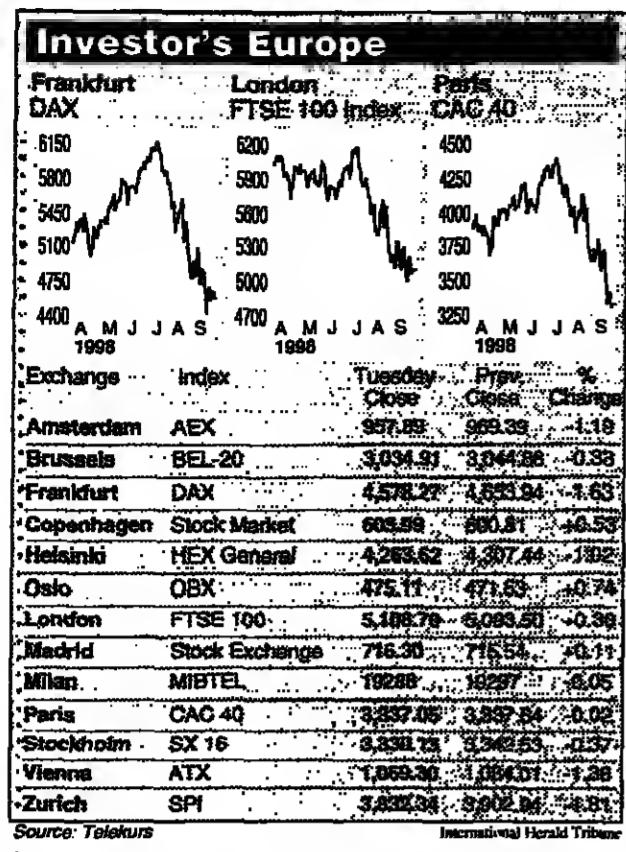
The two partners will share development costs, estimated at 2 billion francs (\$355.9 million), for the small diesel engines.

It was the first time the independent-minded French producer had linked up with a non-European player, and it reflected the need for manufacturers to cut production costs in the highly competitive auto market.

"This is our response to the challenge of globalization," Jean-Martin Folz, the chairman of Peugeot Citroen, said at a news conference at the Paris Motor Show.

Although sales in Europe and the United States are strong, the crisis in emerging markets has sent a shiver through the industry, driving the question of consolidation to the top of the agenda. The purchase of Chrysler Corp. by Daimler-Benz AG announced this year has sparked speculation that other carmakers will have to merge or forge joint production ventures.

"I would say today anything is possible," John Smith, chairman and chief executive of General Motors Corp., said. "I think the Chrysler-Daimler merger in combination with the financial crisis has led to automakers all over the world taking a hard look at their own situation and seeing what they need to do."



Very briefly:

- Alitalia SpA's first-half profit rose 6 percent, to 152 billion lire (\$91.3 million), as a result of cost-cutting and increased sales. The government plans to sell a 54 percent stake in the airline this year or early next year.
- Mediaset SpA plans to invest 850 billion lire this year to secure television rights to expand programming for children and the elderly.
- LM Ericsson AB's head of its troubled Infocom Systems unit, Anders Juel, will leave that post Thursday, and the Swedish telecommunications giant is to unveil a restructuring Oct. 12.
- Coca-Cola Beverages shares finished down 21.5 cents per share at 1.34 (\$2.28) after the top soft-drink bottler for Eastern Europe warned that difficult economic conditions in Belarus and Ukraine would affect earnings.
- RAO Norilsk Nickel and its unions agreed to cancel wage increases to avoid layoffs. The Russian nickel and palladium producer also will cut output to reduce losses resulting from the depreciation of the ruble and low base-metal prices.
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- Saurer AG said its full-year profit would be lower than last year's. The Swiss maker of spinning machines cited reduced demand from emerging markets.

Bloomberg, Reuters

Europeans Seek VW's New Beetle

Bloomberg News

PARIS — Volkswagen AG said here Tuesday that about 150,000 Europeans had expressed interest in buying the New Beetle, which Volkswagen plans to sell on the Continent at the end of the year.

VW said Germans had accounted for two-thirds of those interested. "With the introduction of the New Beetle, we are following clients' wishes for a new cult car," VW's chief executive, Ferdinand Piech, said at the Paris Auto Show. The car, made in Mexico, was introduced in March in the United States.

A declining number of young people in Europe, changing consumer tastes, tougher competition from private-label jeans and increased competition for consumer spending all contributed to lower demand for Levi's jeans, the company said.

"Over the last year across

Europe, we have been selling less denim," said Mark Elliott, a spokesman for Levi Strauss Europe. "We have been partially replacing that with the Dockers brand and other nondenim products."

The company, which operates 12 plants across Europe, has already taken other steps to cut overcapacity — including down time, reorganized work schedules and reduced use of outside contractors — but it found that they were insufficient.

"The key factor was this overcapacity," Mr. Elliott said.

Under the planned restructuring, subject to agreement with workers' councils, Levi Strauss Europe would close three plants in Belgium, af-

fecting 931 jobs, and one in France, affecting 530 jobs. Some 100 office workers across Europe could also be laid off, the company said.

The proposal was presented to work councils in Belgium and France and the Levi's European Employee Council.

Mr. Elliott said the company hoped to reach an agreement with the councils quickly, but he said he could not estimate how long negotiations might take or give details on the costs of closing the plants.

Mr. Elliott, when asked whether 1998 revenue was expected to fall below 1997 levels as a result of the changing consumer tastes, said, "It's too early to say."

Less Call for Levi's, So 1,500 Jobs Will Go

Reuters

BRUSSELS — Levi Strauss & Co. said Tuesday that it planned to close four plants and cut about 1,500 jobs in Europe, amidwaning demand there for its blue jeans.

The news came one day after Levi Strauss announced that it would close two plants in the United States and lay off 991 workers.

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WORLD STOCK MARKETS

Tuesday, Sept. 29

Dolly prices in local currencies.

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Amsterdam

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33 history this year

WORLD ROUNDUP



Jonas Bjorkman rallying on Tuesday to defeat Tim Henman, 7-5, 6-4, in Munich.

Hing on Track

Top-ranked Martina Hingis opened the women's era in the \$6.7 million Grand Slam Cup in Munich, 6-2, 7-5, on Tuesday.

Eight women are participating in the lucrative event for the first time since the introduction of the tournament in 1990.

The tournament normally brings together players with the best records in the four Grand Slam events of the year—the Australian, French and U.S. Open and Wimbledon. But three men's Grand Slam champions of 1998—Pete Sampras, Patrick Rafter and Carlos Moya—are skipping the tournament. Only Peter Korda is among the 12 men here.

In the opening men's match, Jonas Bjorkman rallied from a 5-1 deficit in the opening set to beat Tim Henman, 7-5, 6-4. (AP)

Countdown for NBA

BASKETBALL Billy Hunter, director of the players union, has four days to renew the latest offer from owners as the NBA lockout is about to enter its fourth month. The latest proposals showed some movement on salaries but also included new issues not previously discussed during collective bargaining talks. With each passing day, the likelihood that the regular season will not start on time Nov. 3 increases. (AP)

A Middle-Aged Matchup

BOXING George Foreman and Larry Holmes can't throw punches like they used to, but they're still sharp with the verbal jabs. Foreman and Holmes joked Monday about turning 50 as they met in Houston's Astrodome to announce that they will face off in the ring for the first time in a 12-round fight Jan. 23.

"Usually, the doctors check a fighter's heart, but with Larry and me, they're just going to see if we have a pulse," Foreman said.

They're calling it the "Birthday Bash" in honor of Foreman's 50th birthday on Jan. 10. Holmes turns 49 on Nov. 3. (AP)

Million-Dollar Bauble

BASEBALL Mark McGwire's home chase is over, but collectors have resumed the scramble for McGwire's 70th home run ball. Meanwhile, the St. Louis fan who caught the ball, Philip Ozersky, is struggling between selling the ball and ensuring that it ends up in the Hall of Fame.

"You listen to the radio and hear people say, 'You're crazy if you don't sell it,' so I at least have to give it some thought," Ozersky said. "I'm not going to say I'm going to sell it."

A group of three memorabilia collectors resold their \$1 million offer for sports' newest treasure. They also extended a 72-hour deadline for Ozersky to make his decision. (AP)

In Munich, a Long 60 Seconds

Manchester United and Bayern to Commemorate '58 Crash

By Rob Hughes
International Herald Tribune

LONDON — Should Rupert Murdoch wish to appreciate the spiritual essence of Manchester United, the club he has agreed to spend \$1 billion to buy, he might spare a minute of his valuable time on Wednesday evening.

In Munich's Olympiastadion, and via the medium of television throughout more than 100 countries, we

EUROPEAN SOCCER

shall see the modern players of Manchester United and Bayern Munich bow their heads for 60 seconds before their Champions League match. Those 60 seconds will commemorate the United team that died, and the legend that was born, on a Munich airport runway 40 years ago.

It is one of fate's ironies that not until now have Bayern Munich and Manchester United met in competitive soccer. Not until Wednesday have these two clubs, giants of the postwar game, been drawn to the same playing field, even though the total of their contests in European tournaments amounts to more than 540 matches.

For that alone, Wednesday is a big UEFA night. The fact that business has never scheduled United another encounter in Munich is even more surprising. Yet it was there, in fog and snow beyond the runway of Munich's airport, that the plane carrying arguably Manchester's finest ever team crashed in February 1958.

The nucleus of that team died when the aircraft crashed on take-off after a fuel stop on the way home from Belgrade.

Manchester United, already a name because of its rise from ashes following the bombing between Germany and England during World War II, was to attract global sympathy for the refusal of Matt Busby and the other survivors to quit.

With the help of Munich doctors and nurses, they embodied a worldwide symbol of the spirit of man, embodied in a simple, irresistible game.

If Murdoch's billion buys that club, that legacy, he will come to learn that this is anything but another business acquisition.

That said, no amount of sentiment will stop Bayern Munich from trying, and very likely succeeding, to put Manchester down once the minute of respect is over.

For the sport is now a business, Manchester United is a big scalp in that business and the likes of Lothar Matthaus, Stefan Effenberg and Giovane Elber are committed men when it comes to the politics of soccer.

BAYERN MUNICH and Manchester United are market leaders. They are in the vanguard of negotiations that will either squeeze vastly more profits out of UEFA, or take up their hall and parade their reputation with the attempted Super League of European clubs.

It is taken for granted that Munich and Manchester are trying everything at their command to win the Champions League—it is an embarrassment to each that neither has won the European Cup for 22 years.

These are not great teams, not on paper the equals of the defending champion Real Madrid nor the burgeoning talents individually within Internazionale nor the brooding, expectant Juventus.

In an off-season, Munich or Manchester could emerge triumphant, though for that to happen Bayern

would need to find more inspiration than just Elber, its Brazilian goal scorer, and United would have to show an altogether more sophisticated grasp of European tactics than has been its case.

Domestically, at least, Bayern has struck a convincing rhythm right from the start of Ottmar Hitzfeld's coaching regimen.

Six Bundesliga games played, six won, an average of three goals a game, a consistency enough. Yet in Europe a note of complacency—or was it weariness?—allowed Brondby, the unfancied Danes, to come from a goal down to beat Munich, 2-1, in the opening match of the group.

United's form has been the other way around. In the English League, despite or perhaps because of spending almost one third of its £246 million (\$145 million) annual turnover on three new players, Manchester has started the new term erratically.

Jasp Stam, Jesper Blomqvist and Dwight Yorke are quality recruits yet to add to the sum of United's renowned teamwork.

IN EUROPE, too, United flattered to deceive. To lead Barcelona by three goals before 53,600 supporters and to finish 3-3 seemed like rank carelessness.

And when Arsenal, last season's champion of English soccer, smacked another three goals, without reply or reasonable excuse, against United in the next league match, the question of Manchester's defense appeared indefensible.

It was, moreover, a shock for Arsenal. Its own first outing in Europe, a 1-1 draw in Lens, suggested nothing more than tentative efficiency, and a string of five draws and one defeat, during which Arsenal scored just twice, is hardly rampant form.

Arsenal's guns, however, are primed for the big occasion and Wednesday is undoubtedly that.

Arsenal has hired Wembley Stadium for its home European games, doubling the crowd potential of its own Highbury arena. From that point of view, all's well, with upward of 60,000 having bought tickets in advance. A word of warning comes with the knowledge that 10,000 Greeks, fans of Panathinaikos, deem this to be their celebration, too.

So an atmosphere in the old stadium is assured. A six-figure sum from tickets is already banked. And Arsene Wenger, while content that his vastly experienced squad will relish the setting, paid cautious respect to Panathinaikos after its 2-1 victory over the highly rated Dynamo Kiev in Athens two weeks ago.

Panathinaikos has not played to anything remotely as big as the Wembley assembly, but Aljosa Asanovic, the Croat who will captain the Athens team on Wednesday, vows: "Wembley is the biggest football theater in the world. We have to prove we are good actors, and I am sure we will get a good result." Time will tell.

It will take 90 minutes, though any game can be lost in a minute.

As to the omens? Bayern Munich fans will tell you their side has never lost a European match at home during Oktoberfest, and no Champions League game has ever been lost at Wembley. There has, until now, never been one, although European finals have been held there, including the 1971 European Cup. Ajax won it by two goals against an Athenian team called Panathinaikos.

As it is taken for granted that Munich and Manchester are trying everything at their command to win the Champions League—it is an embarrassment to each that neither has won the European Cup for 22 years.

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Rob Hughes is chief sportswriter for The Times of London.



Hajduk Split's Jurica Vucko, center, trying to fend off Fiorentina's Gabriel Batistuta.

Aston Villa Moves to 2d Round

Reuters

Stan Collymore, under fire for his lack of form recently, bounced back with a hat trick Tuesday to secure Aston Villa a place in the second round of the UEFA Cup with a 3-0 victory over Norway's Stromsgodset.

The English league leader won, 6-2, on aggregate, erasing

anality shoot-out against Slavia Prague of the Czech Republic.

Slavia, 1-0 down after the first leg, quickly made up the deficit when Richard Dostalek fired home a powerful half-volley in the 17th minute. A Schalke defender failed to clear a shot from Vladimir Labant, allowing Dostalek to score.

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SPORTS

Cubs Reach Playoffs For First Time in '90s

5-3 Victory Over Giants Earns Wild-Card

By Murray Chass
New York Times Service

CHICAGO — Sammy Sosa did not hit four home runs to share the record with Mark McGwire. Steve Trachsel did not pitch a no-hitter. But the Chicago Cubs did gain a chance to win their first postseason series since 1908.

The Cubs, who last won the World Series in that postseason 90 years ago, advanced to the first round of this year's playoffs by defeating the San Francisco Giants, 5-3, on Monday night and winning the first playoff for the National League wild-card spot in the four-year history of the wild-card format.

The Cubs, who last played postseason games in 1989, will face the Braves in Atlanta on Wednesday afternoon.

They were put on the plane to Atlanta chiefly by Trachsel, who did not allow a hit until he had one out in the seventh inning; by the reliever Felix Heredia, who retired Barry Bonds on an inning-ending grounder with the bases loaded in the seventh; by another reliever, Terry Mulholland, who held Bonds to 4 sacrifice flies with the bases loaded and none out in the ninth; and by Gary Gaetti and Matt Mieske, 1998 newcomers to the Cubs, who each drove in two runs.

Sosa did not hit a home run, leaving him with 66 and officially putting McGwire into the record book as the single-season record-holder with 70.

Sosa batted 15 times without hitting a home run since he hit No. 66 last Friday night and slipped ahead of McGwire for all of 45 minutes.

Sosa, however, continued his most-valuable-player contribution to the Cubs, stroking a pair of singles and scoring the final two runs, which became critical when the dormant Giants rallied for three runs in the ninth inning.

"We've been working hard all year," said Sosa, who had said all along that his No. 1 priority was not to home run but the playoffs. "It's been an unbelievable 1998. I'll never forget it."

Trachsel's was perhaps the most important contribution to keeping failure away. The 27-year-old right-hander had labored recently — in fact, since he threw the pitch that became the McGwire home run that broke Roger Maris's record of 61.

In four starts beginning with that game on Sept. 8, Trachsel had been battered for 19 earned runs in 21½ innings.

But the Giants did not hit him. Instead Trachsel walked them, six in all, but did not permit none of them to score.

He walked two batters and bit another batter in the fourth, loading the bases with two out, then threw a third strike past Brian Johnson.

He held the Giants hitless until Brian Mayne lined a one-out, pinch-hit single to right field in the seventh. After Trachsel followed the hit by walking Armando Rios, another pinch-hitter, the Cubs' manager, Jim Riggleman, changed pitchers.

Trachsel, Bonds said, was the best he had ever seen him. "Trachsel pitched great," Bonds said. "We never got any momentum going with less than two outs. You tip your hat when a guy can pitch like that."

Riggleman used six pitchers, including two starters as relievers:



Sammy Sosa spraying Cubs fans with Champagne after the playoff victory over the Giants.

Kevin Tapani in the eighth inning and two batters in the ninth, and Mulholland, who as the starter Sunday pitched eight innings, for three batters in the ninth.

The Cubs' star closer, Rod Beck, had pitched the previous two games, going two and two-thirds innings on Sunday in a vain effort to put the Cubs in the playoffs without the extra game. He entered on Monday night with two runs in, one out and runners at first and third.

First, he induced Jeff Kent, who led the Giants with 127 runs batted in, to ground into a force play at second on which the third run scored. Then retired Joe Carter, batting most likely for the last time in his 16-year career, on a foul pop to first.

The final out sent the Cubs and their fans, inside Wrigley Field and out on the street, into a frenzy.

"It's a lot of fun playing in Chica-

go for the Cubs, but it's a lot more fun winning for the Cubs," said Mark Grace, their 11th-year first baseman.

Gaetti has been playing for the Cubs only since they signed him on his 40th birthday, Aug. 19, after St. Louis released him. After Henry Rodriguez led off the fifth inning with a single, Gaetti drove a Mark Gardner pitch into the left-field batters.

Gardner, who had not lost any of his 10 starts since July 30, retired the next three batters, but Lance Johnson and Sosa singled one out apart in the sixth. The Giants' manager, Dusty Baker, replaced Gardner with Rich Rodriguez, who walked Grace.

Riggleman then pulled Rodriguez, a left-handed hitter, and used a right-hander, Mieske, who had batted only 110 times this season. But he lined a single to right and Johnson

and Sosa raced home. In the eighth, Sosa singled with one out, went to third as Grace lined a double to right and scored on Jose Mesa's wild pitch.

The Giants finally scored in the ninth and even threatened to catch the Cubs. Singles by Mayne and Bill Mueller brought Mulholland and Tapani and Stan Javier singled Mayne home. Ellis Burks drew a walk as a pinch-hitter, loading the bases again for Bonds. This time he hit a sacrifice fly to right field for the second run and the first out.

Beck relieved Mulholland and Carter after the force play, was unable to duplicate the home run hit to win the 1993 World Series for Toronto over Philadelphia.

Did someone say World Series? The Cubs are one of only eight teams that have a chance to win this year's World Series.

Overachievers All: 'Holy Cow' Cubs

By Bill Dedman
New York Times Service

CHICAGO — Harry Caray, the longtime Cubs broadcaster who had a bit of a problem when names, liked to call Sammy Sosa "Salsa."

Sosa didn't mind. Since Caray died at the start of spring training, Sosa has honored him with a "V" sign after every home run this season, along with his heart thumps and kisses for the Sosa family.

That's 66 "V" signs, more than Winston Churchill and Richard Nixon had in their best years combined.

And they had their best season in a decade, doing far better than anyone imagined.

"If Harry Caray were alive today, I would be so happy," Sosa said last week. "The way he was every day, pulling for the Chicago Cubs, this would have been a season he probably would have died again."

Hook a heart monitor up to any Cubs fan and you will see the effects of Sammy and the Overachievers, a group of oddballs and castoffs. They provided "Holy cow" moments until the last day of the regular season, and even the day after that, when the Cubs beat the San Francisco Giants, 5-3, to earn the National League wild-card spot.

These Cubs were on thoroughbred. The defense was shaky, the bullpen untrustworthy. No lead was too large for them to lose, no deficit too large to overcome.

"This is the most exciting year I've seen in baseball," said Mr. Cub, Ernie Banks.

Last year's Cubs were the dullest team in memory: few home runs, few stolen bases and few victories.

Worse, they didn't get along. The tension started with an 0-for-14 losing streak, and boiled over on the last weekend, when Sosa ignored a hold sign and tried to steal second. He was thrown out, then was chewed out by the Cubs' manager, Jim Riggleman, in front of the team. After the last game, Riggleman gave a "me, me, me" speech against self-indulgence.

Perhaps that speech should be in the Hall of Fame at Cooperstown, New York. Sosa said it did the team good.

But the Cubs' problem wasn't Sosa, who provided a quarter of the team's runs last year. Tired of a century of failure, the Cubs raised their payroll by 15 percent this season, hiring five former All-Stars.

"I thought from day one we were a division-championship-caliber team," said Ed Lynch, general manager of the Cubs.

With the 10th-highest payroll in baseball at the start of the season, the Cubs have managed the sixth-best record.

And they had their best season in a decade, doing far better than anyone imagined.

"If you look back at the season, we've beaten probably every No. 1 pitcher in the league," the Cubs' hitting coach, Jeff Pendlund, said. "And there are times when we've kind of looked like we're a last-place team."

THE Cubs were streaky. The season has really been 12 seasons, with six successful periods followed by six downers, including losses to six of their last eight games as they staggered into Monday night's showdown.

The Cubs were bummer-depending. This team set a club record for home runs, with 211 providing four out of every 10 scores.

These were among the 1998 Cubs highlights in various categories of over-achievement:

The starters: Kerry Wood was called up from the minors to pitch for the minimum salary, struck out a record 20 batters in a single game before his 20th birthday and then missed the last month because of a sore elbow. Kevin Tapani had a better record than Greg Maddux's.

The closer: Rod Beck came from the Giants, a \$3.5 million All-Star gunslinger known as Shooter. He hit a career high with 50 saves.

The newcomers: All-Star Mickey Morandini came from the Phillies, adding an on-base percentage just short of .400 and a nearly errorless glove at second. Henry Rodriguez, from Montreal, added left-handed power, with 31 home runs.

Division Winners Square Off for Baseball Playoff Series

1 inspired by Our Staff From Dispatches

Here are the matchups for the major-league baseball playoffs, starting Tuesday:

Rangers at Yankees (Starting pitchers: Stottlemyre/Wells) New York beat Texas in the first round of 1996 playoffs on the way to the World Series championship. The Yankees won 19 of last 24 regular-season meetings at Yankee Stadium. Derek Jeter went wild, hitting .510 (26-for-51) with four home runs and 19 RBIs. David Wells pitched a shutout and David Cone was 2-0 against Texas.

At home in Arlington, the Rangers went 1-4 against Yankees, but it was the first year

Texas lost the season series at home to New York since 1983. Juan Gonzalez pulverized the Yanks in '96 playoffs, hitting five home runs in 16 at-bats. Terry Clark's 2-for-16 slump hurt, however.

Red Sox at Indians (Martinez/Wright) Other than the Yankees, Boston is probably the most balanced team in the league. John Valentin and Mo Vaughn — who lost the batting title to Bernie Williams by only two points — and Nomar Garciaparra make this offense go. Meanwhile, the Red Sox pitching staff has held up across the board.

The Indians' powerful lineup has been bruised this season, but it never really mattered because Cleveland, once again,

had no competition in the Central Division. Jim Thome was an MVP candidate before missing much of summer because of a broken hand and hasn't gotten back into the groove. Kenny Lofton never seemed to really get going. Manny Ramirez was the team's real sparkplug.

Padres at Houston (Brown/Johnson) This year's Padres team was shaped by the acquisition of Ken Caminiti and Steve Finley from a blockbuster trade with Houston in 1994. The Astros still have Derek Bell and Ricky Gutierrez, and Vaughn hit six home runs against the Astros this season.

The Astros have not lost a season series to the Padres since 1992. Houston ended Tre-

vor Hoffman's streak of 41 straight saves. Bill Wagner had three saves with 0.00 ERA against San Diego.

On Wednesday:

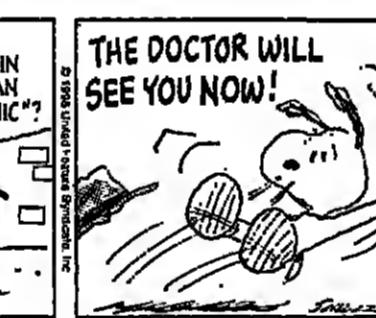
Cubs at Braves (pitchers undecided) At 6-3, Chicago did better against Atlanta than any team in the league. Sammy Sosa hit three homers and batted .308 with five RBIs. Mickey Morandini batted .469.

The Braves have won seven straight division titles. They have been to playoffs every season since 1991, but have won just one World Series championship. Tom Glavine won 20 games this season for the fourth time. But the teams have never before met in postseason play. (LAT. AP)

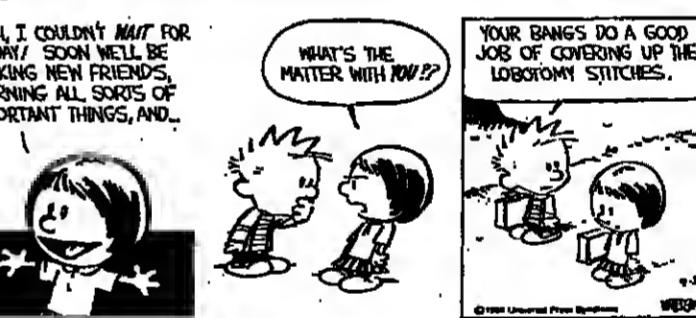
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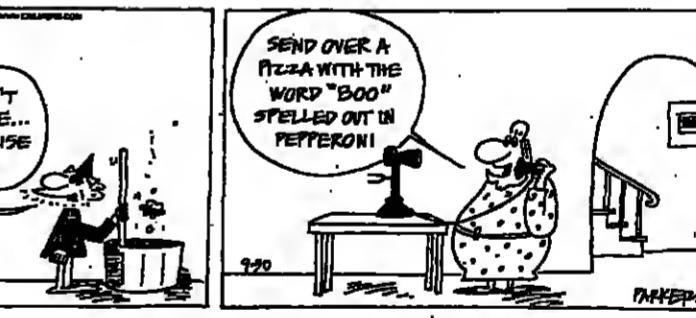
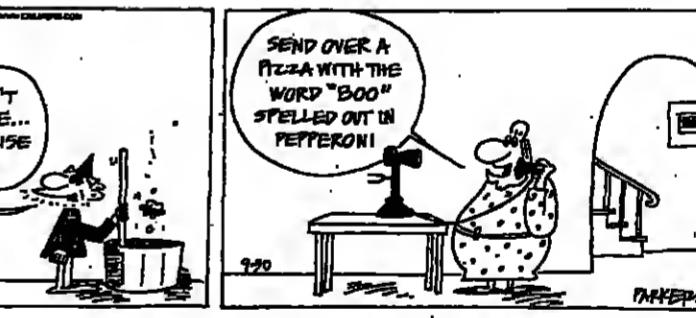
PEANUTS



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OBSERVER

A Bite of the Big Apple

By Russell Baker

NEW YORK — I spent four days in New York City. It was swell.

Except for the restaurant prices, I'd planned to stay five days in New York, but after the fourth day, restaurant eating had already cost me \$3,792.87.

That was without wine. By leaving wine alone, you can save \$800 to \$900 per meal in New York.

Ask for water, but don't let them bring you that bottled imported water all the restaurants push.

That costs \$200 to \$300 per bottle, depending on where the water is imported from, whether it was bottled in a vintage year and whether the bottler has an advanced degree in hydrology.

Stay with tap water. Most restaurants charge only \$10 a glass with one free refill.

My first day in town the president showed up.

I once went to a college commencement where a U.S. president showed up. Cops everywhere, traffic detoured all the way out to Chaos Township. And that was a small New England town.

Imagine what a president can do to New York. With Clinton this week it was King Kong without Fay Wray, the San Francisco earthquake without Jeanette MacDonald, Iwo Jima without John Wayne.

All right, that's hyperbole, and I don't want to sound cross with the president. He's got enough people cross at him already.

Not many in New York, though. New Yorkers must have a deep working knowledge of sin, because those I

talked to spoke kindly of the president and agreed with the New Testament about the moral qualification required for throwers of the first stone.

This probably shows I was meeting only the most despicable class of New Yorkers: to wit, liberals. Worse, New York liberals.

Where was I ... ? The United Nations, that's where. Some big fuss was on over there, which brought several dozen alien statesmen to town, and they had to have VIP treatment, just like Clinton.

Gigantic cars, sirens, flashing lights, sinister-looking escorts. Streets that carry a million cars per hour were closed to traffic.

It was exhilarating to walk rapidly through midtown admiring the security. The reason I walked was that nothing motorized was able to move for days.

The reason I walked rapidly was that New Yorkers who don't walk rapidly can be run down and badly denied by other walkers, all of whom walk at a speed of 22 miles per hour.

Maybe they walk so fast because it makes them feel they're going to do something important, whereas slowing down might give them time to wonder about the pointlessness of things.

It's generally supposed that periods of intolerable commotion leave New Yorkers exhilarated.

I used to feel that way myself sometimes during my dozen years of residence. Then I found I could no longer walk faster than 21 miles an hour, and I couldn't cut the New York mustard anymore.

Still, give me four days now and then, and it's swell.

New York Times Service

Aznavour at 74: Today, When He Is Young

By Mike Zwerin
International Herald Tribune

PARIS — Charles Aznavour passed his medical checkup last week. Everything is better than O.K. — he's strong, confident, famous, rich and busy, and his voice, be says, is better than ever. Nothing really new about any of that, it wasn't really a surprise, he always feels good.

Still, adding it all up at the age of 74, it's nothing to take for granted. Even though he fully expects to live until the age of 120. Men from the Caucasus Mountains are known for living long lives. He's proud of his Armenian ancestry.

Most of all, he is happy to be able to continue to make music. He estimates that he has spent two thirds of his waking life thinking about, talking about, planning to make, making and/or listening to music. Quincy Jones once told him that he comes up with close to the same figure, the long stretches of time they both love to spend at the table eating and drinking well notwithstanding. Because music is prime talk, musicians their preferred company.

With his clean bill of health, Aznavour, who still sits down at his piano every day, can continue starring in three specials a year on French television. He will be able to continue working on his musical comedy based on the life of Toulouse-Lautrec. And in three weeks he will be opening on Broadway.

It will be his fourth Broadway run since 1963. "There's nothing like Broadway," he said. The alternative, a once-a-season one-nighter at Carnegie Hall, is not really all that distasteful, but there is nothing better for his chops and his soul (as well as his pocketbook) than Broadway. After 12 shows at the Marquis Theater starting Oct. 21, he moves on to limited engagements in Chicago and Los Angeles. Aznavour was named "entertainer of the century" (Elvis Presley came in second) in a recent *Time* magazine on-line poll.

Born in Paris of Armenian parents, Aznavour has begun to return to his homeland more and more often to lend his support since the collapse of the Soviet Union. The foundation Aznavour for Armenia was set up to help victims of the 1988 earthquake. Last September he was in the capital, Yerevan, to celebrate the fifth anniversary of Armenian autonomy.

With the foolhardy naivete that superstardom allows, he calls out for the merger of the three Caucasus republics, Armenia, Azerbaijan and Georgia: "It is ridiculous for us to be enemies. That's ancient history. Any territorial problem can be solved. We are people who live in the same climate, the same mountains, we eat the same, drink the same; the only difference is religion." And religion is not important because, "we all come from the same book."

Aznavour for Armenia has raised money for hospitals, the handicapped and orphans. Now it is financing the writing and production of post-Soviet Armenian-language textbooks.

He is proud of his inheritance, and that his children are able to speak accent-free American English. He and his family have spent what he calls two seasons in the United States — one in Brentwood, California, the other in Green-



Christian Rose

Aznavour was named "entertainer of the century."

wich, Connecticut. He loves being well known and feeling at home in America. He likes the openness of Americans, the "if you're hungry go look in my refrigerator and help yourself" attitude. America is like another home as far as he's concerned.

Over and above the attraction he feels for all three of his sides, he is mostly proud to be French — proud that the world knows him as French. He was friendly with both Marcel Cerdan, the boxing champion, and Django Rein-

hardt, the French Gypsy guitarist and songwriter. He worked with Edith Piaf (his first show in New York was with Piaf) and wrote songs for Maurice Chevalier.

Among his 30 hit songs, "Je Hais les Dimanches" ("I Hate Sundays) was a hit for Juliette Greco, who was hanging out with Jean-Paul Sartre and Boris Vian in the caves of Saint-Germain-des-Prés. His headlined shows in the Moulin Rouge and the Olympia. A journalist once observed that "France has been Aznavourized."

Screen credits include Francois Truffaut's "Shoot the Piano Player" and Volker Schlöndorff's "The Tin Drum," which won an Oscar for best foreign film in 1979. He's now considering another major film role. Age has nothing to do with anything.

"Hier Encore," a song he wrote about aging, was translated as "Yesterday When I Was Young." He recalled that he wrote his first song about being old when he was 18. He remembers that age with youthful vigor. He estimates that he remembers the melodies of about 2,000 songs, and the lyrics of maybe 600 of them.

Leaning back, he began to demonstrate, singing: "Embrace me ... Once he starts a lyric he may not be totally sure of, the rest will almost certainly come back to him: ... My sweet embrace you." he continued. Before you think of telling him that that one's a bit too easy, remember that in addition to all the American and French songs, he also performs Russian, Jewish ("My Yiddish Momme") and Gypsy ("Gitana Gitana") songs. Recently he was dining in a Hungarian restaurant and the band was "absolutely astonished that I knew absolutely every song they played." Then he added, with a sly smile: "Fortunately, I am not expected to learn the words for Hungarian songs."

Aznavour is absolutely certain that his vocal texture and phrasing have improved with age. "Of course it is evident that I am no longer 25 years old, but we do learn from experience. There are things we cannot do any more but we replace them with new things."

"I used to have a strained voice, I had trouble controlling it. Some people have made fun of my voice. I was considered an 'entertainer,' a man of the music hall, a variety singer. Today I can sing the classics, I sang an aria by Gounod with Pavarotti, I sang with Plácido Domingo, I sang one of my songs in duet with Rostropovich. You learn from experience. You learn to discipline your life. I don't waste time any more. Never ever."

In 1974, he published his memoirs. Although people have suggested it, there will be no volume two. What happens after a happy-ending does not interest him. "I am interested in the construction of a man and of his career. After success, what is there left to say? You can tell about all the famous people you meet and how much you love all of them and how much all of them love you. And there are so many anecdotes, you can tell about your triumph in Berlin." But all of this is really not very interesting. After the fame and money arrive, there is no more drama.

With a meaningful grin, he pointed out that it is no coincidence that a stage act where singers sing their past hits night after night is called a "routine."

PEOPLE

A SMALL oil painting by the abstract pioneer Piet Mondrian has been stolen from the Zeeuws Museum in Middelburg, Netherlands. The museum bought the painting, titled "The Tree," for \$130,000 in 1994, said Ineke Spaander, the museum's director. Created by Mondrian between 1908 and 1909, before his modern masterpieces, the painting shows a black apple tree against a dark blue background.

The estate and memorial fund for Diana, Princess of Wales, lost a bid to bar the Franklin Mint from advertising or selling dolls, jewelry and other unauthorized memorabilia bearing her name and likeness. But the U.S. District Court in Los Angeles also refused a request by Franklin Mint lawyers to dismiss the case. "The case now proceeds to trial," said Mark Lee, the attorney for the memorial fund.

Being personally denounced by President Bill Clinton may not be bad for

business. Michael Isikoff of *Newsweek* has signed a six-figure deal with Random House's Crown imprint for an account of his role in the White House sex scandal. Isikoff was on the verge of breaking the

Monica Lewinsky story when his magazine held the article. He says the book "will tell a lot of the war between Clinton and his political enemies, but even more about the way reporters

grapple with the difficult issues of public conduct and private character."

Placido Domingo Stands With Caruso

The Associated Press

NEW YORK — When Placido Domingo sang the title role in Saint-Saëns' "Samson et Dalila" at the Metropolitan Opera, it was his 17th opening-night performance there — tying a record set by Enrico Caruso in 1920.

But the record won't be tied for long. The general manager of the Met, Joseph Volpe, announced after the final curtain that the tenor will star in Leoncavallo's "I Pagliacci" next fall for opening night No. 18.

"Samson," on Monday night, also marked the 30th anniversary of Domingo's Met debut. And it showed the 57-year-old Spaniard in robust form as the leader of the Israelites who succumbs to the fatal attraction of a Philistine beauty, sung by Olga Borodina. James Levine conducted the Met orchestra for the gala occasion.

At the end, Domingo was honored in a ceremony that included a plaque from Mayor Rudolph Giuliani proclaiming Monday "Placido Domingo Day" in New York City. The tenor thanked all the Met staff he has worked with over the years, "from the stage door to the front door," and also the board of directors, "because I know how much it costs just to raise the curtain every night."

The singer Bobby Brown reported to the Broward County Jail in Florida to begin serving a five-day sentence for a drunken driving conviction. The police said Brown was speeding when he lost control of a black Porsche in the 1996 accident. The authorities said his blood-alcohol level was 0.22 percent, nearly three times the legal limit. He also tested positive for cocaine and marijuana.



PREMIERE — The actor Cuba Gooding Jr., right, arriving with his father, Cuba Gooding Sr., at the Beverly Hills opening of "What Dreams May Come," a film in which he co-stars with Robin Williams.



(put on a happy face)

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